

**CITY OF GLENDALE,
CALIFORNIA**

SINGLE AUDIT REPORT

JUNE 30, 2006

CITY OF GLENDALE
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council and Audit Committee
Glendale, California

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, California (the City) as of and for the year ended June 30, 2006, and have issued our report thereon dated November 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the City of Glendale in a separate letter dated November 17, 2006.

This report is intended solely for the information and use of the Audit Committee, the Honorable Mayor and Members of the City Council, management of the City of Glendale, federal and state awarding agencies and pass-through entities, and is not intended to be and used by anyone other than these specified parties.

Newmill, Tami, Day! Co., LLP

Rancho Cucamonga, California
November 17, 2006



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL
OVER COMPLIANCE, AND SCHEDULE OF FEDERAL AND STATE AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and
Members of the City Council and Audit Committee
City of Glendale, California

Compliance

We have audited the compliance of the City of Glendale, California, (the City) with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of the City's major federal programs for the year ended June 30, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses. However, we noted certain matters that we reported to management of the City of Glendale in a separate letter dated January 5, 2007.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale as of and for the year ended June 30, 2006, and have issued our report thereon dated November 17, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City's financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Audit Committee, the Honorable Mayor and Members of the City Council, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrmik, Tami. Day 1 Co. LCP

Rancho Cucamonga, California
January 5, 2007

CITY OF GLENDALE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Grantor/Pass-through Grantor/Program and/or Project Title	Federal CFDA Number	Pass-through Entity or Grant Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Pass-through Los Angeles County Department of Community and Senior Citizens Services: Food Distribution Program	10.570	CK42141	\$ 28,100
Total U.S. Department of Agriculture			<u>28,100</u>
U.S. Department of Health and Human Services			
Direct Program: Health and Human Services Health Clinic	93.887	C76HF01078-01-01	<u>85,565</u>
FY 2002 Metropolitan Medical Response System	93.233	2003-0023	<u>72,006</u>
Pass-through Los Angeles County Department of Community and Senior Citizens Services: Aging Cluster			
Special Programs for the Aging - Title VII	93.042	CK42350	65,248
Special Programs for the Aging-Title III, Part B	93.044	CK42141	906
Special Programs for the Aging-Title III, Part C	93.045	CK42141	<u>215,830</u>
Total Aging Cluster			<u>281,984</u>
CalWORKs Youth Program	93.556	20133	<u>263,806</u>
Total U.S. Department of Health and Human Services			<u>703,361</u>
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Home Investment Partnership Act [1]	14.239	M-03-MC-06-0512	3,309,021
Community Development Block Grant Entitlement Program	14.218	B-03-MC-06-0518	4,482,149
Emergency Shelter Grants Program	14.231	S-03-MC-06-0518	131,568
Supportive Housing Program-WCC Assistance for Families	14.235	CA16B11-2005	19,068
Supportive Housing Program-Project Achieve Supportive Housing	14.235	CA16B21-2001	111,968
Supportive Housing Program-Family Scatter Site/ Tran Hous	14.235	CA16B31-2012	31,807
Supportive Housing Program-Hamilton Court	14.235	CA16B31-2014	61,433
Supportive Housing Program-Freedom House	14.235	CA16B31-2011	(7,050)
Supportive Housing Program-Project Achieve Supportive Housing	14.235	CA16B31-2010	126,488
Supportive Housing Program-HMIS	14.235	CA16B31-2012	43,618
Supportive Housing Program-Family Scatter Site/ Tran Hous	14.235	CA16B31-2012	115,956
Supportive Housing Program-Hamilton Court	14.235	CA16B41-2007	103,694
Supportive Housing Program-Transitional Housing	14.235	CA16B41-2006	143,223
Supportive Housing Program-Project Achieve Supportive Housing	14.235	CA16B41-2002	504,501
Supportive Housing Program-HMIS	14.235	CA16B41-2003	<u>45,566</u>
Sub-total			<u>1,300,272</u>
Special Needs Assistance - 1998 Shelter Care Plus Grant	14.238	CA16C81-2001	118,354
Special Needs Assistance - 1999 Shelter Care Plus Grant	14.238	CA16C91-2001	68,068
Special Needs Assistance - 2001 Shelter Care Plus Grant	14.238	CA16C11-2001	<u>70,065</u>
Sub-total			<u>256,487</u>
Section 8-Housing Assistance-Voucher Program [1]	14.871	CA114V	<u>13,253,702</u>
Total U.S. Department of Housing and Urban Development			<u>22,733,199</u>

[1] Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF GLENDALE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Grantor/Pass-through Grantor/Program and/or Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Grant Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Labor			
Pass-through State of California Employment Development Department:			
Workforce Investment Act Cluster			
Title I 15% Pilot (Incentive Award) 2003-2006	17.260	R485318	\$ 1,710
WIA Adult 2004-2006	17.258	R588764	109,330
WIA Dislocated Worker 2004-2006	17.260	R588764	171,931
WIA Youth 2004-2006	17.259	R588764	100,659
WIA Rapid Response 2004-2006	17.260	R588764	391,988
Title I 15% Adult Spec 2005-2007	17.260	R588764	123,044
Title I 15% Pilot (Incentive Award) 2004-2007	17.260	R588764	3,373
WIA Adult 2004-2006	17.258	R692515	525,907
WIA Dislocated Worker 2004-2006	17.260	R692515	529,376
WIA Youth 2004-2006	17.259	R692515	573,011
WIA Rapid Response 2004-2006	17.260	R692515	395,501
WIA Emergency Grant	17.260	R692515	899,953
Sub-total			<u>3,825,783</u>
Pass-through City of Hawthorne:			
PAN (SCAIP-527)	17.260	R485314	15,206
Hawthorne STEP	17.260	73483	40,522
Sub-Total			<u>55,728</u>
Total Workforce Investment Act Cluster			<u>3,881,511</u>
Pass-through State of California Employment Development Department:			
Employment Service - Title I One Stop	17.207	R588764	1,786
Total U.S. Department of Labor			<u>3,883,297</u>
U.S. Department of Justice:			
Direct Programs:			
2003 Law Enforcement Block Grant	16.592	2003LBBX0165	122,256
2004 Law Enforcement Block Grant	16.592	2004LBBX0604	51,495
Sub-total			<u>173,751</u>
2001 Nunn-Lugar-Domenici Domestic Preparedness Equipment Program	16.006	2002-TE-CX-0065	76,238
Pass-through County of Los Angeles:			
FY 2003 Part 2 State Homeland Security Grant	16.007	2004-0014	124,137
Total U.S. Department of Justice			<u>374,126</u>

[1] Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF GLENDALE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Grantor/Pass-through Grantor/Program and/or Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Grant Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation			
Pass-through State Department of Transportation:			
Highway Planning and Construction Cluster [1]			
SR134 & San Fernando Phase II	20.205	RPSTPL-5144(028)	\$ 10,908,360
SR134 & San Fernando Phase II	20.205	IPSTPL-5144 (024)	376
Brand Blvd. Improvements Phase I	20.205	STPLH-5144 (034)	986,982
New Signal at Colorado St & Campus	20.205	STPLH-5144 (037)	118,800
Total U.S. Department of Transportation			<u>12,014,518</u>
Department of Homeland Security:			
Direct Programs:			
2003 Assistance to Firefighters Act	97.044	EMW-2003-02447	78,149
FY 2004 Metropolitan Medical Response System	97.071	2004-0045	168,208
Sub-total Direct Programs			246,357
Pass-through Governor's Office of Emergency Services:			
Public Assistance Grants (Northridge Earthquake)	97.036	FEMA-1008-DR-CA OES ID #037-30000	753,230
Pass-through Los Angeles County:			
FY 2004 State Homeland Security Grant Program	97.004	2002-0133	76,570
FY 2005 State Homeland Security Grant Program	97.067		240,647
FY 2005 Urban Area Security Initiative	97.067		86,580
FY 2005 Metropolitan Medical Response System	97.067	2003-0023	382
Emergency Management Performance	97.067		14,341
Sub-total			418,520
Pass-through City of Los Angeles:			
FY 2003 Urban Area Security Initiative Part II	97.008	2003-0167	147,236
FY 2004 Urban Area Security Initiative	97.008	EMW-2004-GR-0684	82,091
Sub-total			229,327
Total Department of Homeland Security			<u>1,647,434</u>

[1] Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF GLENDALE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Grantor/Pass-through Grantor/Program and/or Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Grant Identifying Number</u>	<u>Federal Expenditures</u>
Institute of Museum and Library Services			
Pass-through California State Library:			
IMLS TLC Homework Help	45.310	CL-00-03-0019-03	\$ 1,997
English Literary - WIA	45.310	33973V341	1,195
Global Language Materials	45.310	40-6238	3,035
Library Services for Small Businesses	45.310	40-6350	4,688
Reach Out and Read Grant	45.310	40-6378	224
Local History Digital Resource	45.310	40-6261	5,366
Service Learning at the Library	45.310		<u>65,812</u>
Total Institute of Museum and Library Services			<u>82,317</u>
Environmental Protection Agency			
Vulnerability Assessment and Security Improvements at Water Utilities	66.476	HS-82991401	<u>30,489</u>
Chromium 6 Removal Studies	66.606	X-97947901	7,958
Chromium 6 Removal Studies Sub-total	66.606	X-96916501	<u>183,246</u> <u>191,204</u>
Total Environmental Protection Agency			<u>221,693</u>
Total Expenditures of Federal Awards			<u>\$ 41,688,045</u>

[1] Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF GLENDALE

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2006**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the Federal grant activity of the City of Glendale, California (the City) and is presented on the modified-accrual basis of accounting which is described in the notes to the City's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, which is described in Note #1 to the City's financial statements.

C. Relationship to Basic Financial Statements

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the City's financial statements.

Federal award revenues are reported principally in the City's financial statements as revenue from other agencies in the General, Special Revenue Funds, and Enterprise Funds.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, with the amounts reported in the related federal financial reports.

NOTE #2 – OUTSTANDING LOANS

At June 30, 2006, outstanding loans under the Department of Housing and Urban Development – Section 108 were \$1,450,000.

CITY OF GLENDALE

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2006**

NOTE #3 – AMOUNT PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Federal Award Expenditures
U.S. Department of Housing and Urban Development		
Communtiy Development Block Grant	14.218	\$ 597,213
Emergency Services Grant	14.231	206,609
Supportive Housing Program	14.235	721,130
Total U.S. Department of Housing and Urban Development		<u>1,524,952</u>
U.S. Department of Labor		
Workforce Investment Act Cluster	17.259	437,938
Total U.S. Department of Labor		<u>437,938</u>
Total Amount Provided to Subrecipients		<u><u>\$ 1,962,890</u></u>

CITY OF GLENDALE

**SUMMARY OF AUDITORS' RESULTS
YEAR ENDED JUNE 30, 2006**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnership Act
14.871	Section 8 Housing Assistance
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,250,641</u>
Auditee qualified as low-risk auditee?	<u>No</u>

CITY OF GLENDALE

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

None noted.

CITY OF GLENDALE

**SCHEDULE OF FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

There are no findings that represent reportable conditions and instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

CITY OF GLENDALE

**SCHEDULE OF PRIOR AUDIT FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

Summarized below is the current status of all audit findings reported in the prior audit's schedule of federal awards findings and questioned costs.

Finding No.	Program	CFDA No.	Compliance Requirement	Status
2005-1	State Homeland Security Grant Cluster	16.007 97.071 97.004	Equipment and Real Property Management	Implemented
2005-2	Urban Area Security Initiative	97.008	Equipment and Real Property Management	Implemented