



**CITY OF POMONA, CALIFORNIA**

**SINGLE AUDIT REPORT**

**JUNE 30, 2011**

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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  
City of Pomona, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pomona (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 29, 2011. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2011-01 to be a material weakness.



To the Honorable Mayor and Members of the City Council  
City of Pomona, California

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

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

*Lance, Soll & Lughard, LLP*

Brea, California  
December 29, 2011



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Members of the City Council  
City of Pomona, California

### Compliance

We have audited the City of Pomona, California's (City) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. 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 of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.



To the Honorable Mayor and Members of the City Council  
City of Pomona, California

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2011, and have issued our report thereon dated December 29, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

*Lance, Soll & Luyhard, LLP*

Brea, California  
December 29, 2011

CITY OF POMONA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grant			
Community Development Block Grant - Program Income	14.218	B-08-MC-06-0527	\$ 97,132
Community Development Block Grant - Program Income	14.218	B-08-MC-06-0527	1,578
Community Development Block Grant	14.218	B-09-MC-06-0527	2,041,100
Community Development Block Grant	14.218	B-10-MC-06-0527	416,054
ARRA - Community Development Block Grant	14.253	B-09-MC-06-0527	62,202
Total Community Development Block Grant			<u>2,618,066</u>
Emergency Shelter Grant	14.231	S-10-MC-06-0527	115,122
Supportive Housing Program			
Supportive Housing Program	14.235	CA0436B9D000802	123,176
Supportive Housing Program	14.235	CA0436B9D001003	39,742
Total Supportive Housing Program			<u>162,918</u>
Shelter Plus Care + Renewal			
Shelter Plus Care + Renewal	14.238	CA0462C9D00802	488,742
Shelter Plus Care + Renewal	14.238	CA0462C9D001003	225,630
Total Shelter Plus Care + Renewal			<u>714,372</u>
Home Investment Partnership Program			
Home Investment Partnership Program - Program Income	14.239	M-06-MC-06-0528	64,097
Home Investment Partnership Program - Program Income	14.239	M-07-MC-06-0528	166,460
Home Investment Partnership Program - Program Income	14.239	M-08-MC-06-0528	42,206
Home Investment Partnership Program	14.239	M-07-MC-06-0528	114,155
Home Investment Partnership Program	14.239	M-08-MC-06-0528	403,311
Home Investment Partnership Program	14.239	M-09-MC-06-0528	471,594
Total Investment Partnership Program			<u>1,261,823</u>
Neighborhood Stabilization - HERA	14.256	B-08-MN-06-0516	1,245,623
ARRA - Homeless Prevention and Rapid Re-Housing Program *	14.257	S-09-MY-06-0527	601,141
Section 8 - HVAP	14.871	CA-1230014-0028	11,871,653
ARRA - Lead Paint Hazard Control *	14.907	CALHB0426-08	980,029
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>19,570,747</u></b>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Federal Equitable Sharing *	16.000	-	2,265,428
Weed and Seed Grant			
Weed and Seed Grant	16.595	2009-WS-QX-0047	74,559
Weed and Seed Grant	16.595	2009-WS-QX-0051	59,833
Total Weed and Seed Grant			<u>134,392</u>
COPS Hiring Recovery Program Grant	16.710	2009RJWX0013	20,206
Passed through the County of Los Angeles:			
JAG Grant			
JAG Grant	16.579	-	94,206
JAG Grant	16.579	2010-DJ-BX-0401	25,476
ARRA - JAG Grant *	16.804	-	130,331
			<u>250,013</u>
<b>Total U.S. Department of Justice</b>			<b><u>2,670,039</u></b>



CITY OF POMONA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed through the California Department of Transportation:			
Highway and Planning Construction Grant			
Interchange Improvement - Mission Blvd./SR-71 *	20.205	STPLN-5070 (009)	\$ 2,222,248
Interchange Improvement - Mission Blvd./SR-71 *	20.205	HPLUL-5070 (019)	2,243,247
Interchange Improvement - Mission Blvd./SR-71 *	20.205	DEMO5LN-5070 (013)	826,559
ARRA - Street Improvement Project - Towne Avenue *	20.205	ESPL-5070 (018)	314,598
ARRA - Street Improvement Project - White Avenue *	20.205	ESPL-5070 (017)	1,057,577
Total Highway and Planning Construction Grant			<u>6,664,229</u>
State Highway Operation and Program Managed TEA Grant	20.500	07-4547	2,013
Passed through the State of California:			
State and Community Highway Safety Grant			
OTS Selective Traffic Enforcement Program	20.600	PT1133	147,199
<b>Total U.S. Department of Transportation</b>			<b><u>6,813,441</u></b>
<u>U.S. Department of Treasury</u>			
Direct Program:			
Federal Equitable Sharing	21.000	-	108,821
<b>Total U.S. Department of Treasury</b>			<b><u>108,821</u></b>
<u>U.S. Department of Energy</u>			
Direct Program:			
Energy Efficiency and Conservation Block Grant			
ARRA - Energy Efficiency and Conservation Block Grant *	81.128	DE-SC0001464	1,249,252
<b>Total U.S. Department of Energy</b>			<b><u>1,249,252</u></b>
<u>U.S. Department of Health and Human Services</u>			
Passed through the County of Los Angeles:			
Title III-C Nutrition			
Elderly Nutrition Program	93.045	AAA-ENP1-0809-013	156,527
<b>Total U.S. Department of Health and Human Services</b>			<b><u>156,527</u></b>
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Homeland Security Grant	97.004	-	430,151
<b>Total U.S. Department of Homeland Security</b>			<b><u>430,151</u></b>
<b>Total Federal Expenditures</b>			<b><u>\$ 30,998,978</u></b>

\* Major Program

Note a: Refer to Note 1 to the schedule of expenditures of federal awards for a description of significant accounting policies used in preparing this schedule.

Note b: There are no federal awards expended in the form of noncash assistance, insurance in effect or loans or loan guarantees during the year.

Note c: Total amount provided to sub recipients during the year for the Homeless Prevention and Rapid Re-Housing Program - ARRA - grant amounted to \$355,180.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

**a. Scope of Presentation**

The accompanying schedule presents only the expenditures incurred by the City of Pomona California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

**b. Basis of Accounting**

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.



**CITY OF POMONA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 2011-01: Fund Balances and Net Assets Restatements**

Beginning fund balances have been restated to reclassify liabilities not payable with current available financial resources as long-term liabilities and to correct prior year Gas Tax revenue accrual. In addition, beginning net assets has been restated to adjust accumulated depreciation on capital assets and to reflect accreted interest to date on the pension obligation bonds as a long-term liabilities.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**CITY OF POMONA**

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.