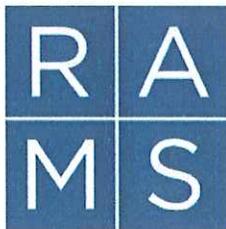


City of Rosemead, California  
Single Audit Report on Federal Awards  
Year Ended June 30, 2011



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

City of Rosemead  
Single Audit Report on Federal Awards  
Year Ended 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

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Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA

To the Honorable City Council  
City of Rosemead, 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 Rosemead, California (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 January 18, 2012. 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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*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, City Council, others within the entity, and 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.

*Rogers, Anderson, Malady & Scott, LLP*

January 18, 2012



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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

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To the Honorable City Council  
City of Rosemead, California

*Compliance*

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Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA

We have audited the City of Rosemead'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.

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In our opinion, the City of Rosemead 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.

*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, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 18, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 basic 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 basic 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 basic financial statements as a whole.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

*Rogers, Anderson, Malady + Scott, LLP*

March 22, 2012 (except for the Schedule of Expenditures of Federal Awards, as to which the date is January 18, 2012)

City of Rosemead  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-through Number	Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Direct Assistance:				
Community Development Block Grant	14.218	N/A	\$ 576,448	\$ 169,713
ARRA - Community Development Block Grant	14.253-ARRA	N/A	18,942	-
HOME	14.239	N/A	227,086	-
Subtotal - U.S. Department of Housing and Urban Development			822,476	169,713
<u>U.S. Department of Justice</u>				
Passed through the City of Los Angeles:				
Edward Byrne Memorial Justice Assistance Grant	16.738	C-117929	26,141	-
Subtotal - U.S. Department of Justice			26,141	-
<u>U.S. Department of Transportation</u>				
Passed through the State of California Department of Transportation:				
ARRA - Highway Planning and Construction	20.205-ARRA	07-5358R	1,345,934	-
Subtotal - U.S. Department of Transportation			1,345,934	-
<u>U.S. Department of Energy</u>				
Direct Assistance:				
ARRA - Energy Efficiency and Conservation Block Grant	81.128-ARRA	N/A	131,343	-
Subtotal - U.S. Department of Energy			131,343	-
Total Expenditures of Federal Awards			\$ 2,325,894	\$ 169,713

See accompanying notes to schedule of expenditures of federal awards.

City of Rosemead  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The information in the accompanying schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments and Non Profit Organizations*. The accompanying schedule presents only the expenditures incurred by the City that are reimbursable by agencies providing federal assistance. For the purposes of this schedule, federal financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with such federal funds are 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 recognized when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

(c) Subrecipients

During the fiscal year ended June 30, 2011, the City disbursed \$169,713 of federal grants to various subrecipients.

City of Rosemead  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2011

**I. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness identified?	_____	yes	_____ <u>X</u> _____	no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ <u>X</u> _____	none reported
Noncompliance material to financial statements noted?	_____	yes	_____ <u>X</u> _____	no

***Federal Awards***

Internal control over major programs:

Material weaknesses identified?	_____	yes	_____ <u>X</u> _____	no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ <u>X</u> _____	none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____	yes	_____ <u>X</u> _____	no
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City of Rosemead  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

**I. SUMMARY OF AUDITOR'S RESULTS (continued)**

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205-ARRA	ARRA - Highway Planning and Construction
81.128-ARRA	ARRA - Energy Efficiency and Conservation Block Grant

Dollar threshold used to distinguish  
between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?        X      yes      \_\_\_\_\_    no

**II. FINDINGS – FINANCIAL STATEMENT AUDIT**

No matters to be reported.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters to be reported.

City of Rosemead  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011

**CURRENT STATUS OF PRIOR YEAR FINDINGS:**

DEPARTMENT OF TRANSPORTATION

ARRA - Highway Planning and Construction - CFDA No. 20.205-ARRA

2010-5 Grant No. 07-5358R

*Condition:* For the year ended June 30, 2010, the City had not submitted any required Monthly Employment Reports to the granting agency.

*Current Status:* The finding has been corrected; the City is now filing the required Monthly Employment Reports in a timely manner.