

**CITY OF LA HABRA**

**Single Audit Report**

**June 30, 2008**

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**Single Audit Report**  
**June 30, 2008**

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LOS ANGELES

SAN MARCOS

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The Honorable City Council of  
the City of La Habra, California

**Independent Auditor's 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**

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 La Habra, California as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2008. 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 of La Habra'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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of La Habra'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 the City Council, management and others within the City of La Habra, and the City's 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.

*Macias Fini & O'Connell LLP*

Certified Public Accountants  
Newport Beach, California

December 18, 2008



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The Honorable City Council of  
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**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program, Internal Control Over  
Compliance and on the Schedule of Expenditures of Federal  
Awards in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of the City of La Habra with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. 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 of La Habra's management. Our responsibility is to express an opinion on the City of La Habra'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 of La Habra'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 of La Habra'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, 2008.

Internal Control Over Compliance

The management of the City of La Habra 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 of La Habra'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, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 of La Habra as of and for the year ended June 30, 2008, and have issued our report thereon dated December 18, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic 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 City Council, management and others within the City of La Habra, and the City's 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.

*Macias Fini & O'Connell LLP*

Certified Public Accountants  
Newport Beach, California

February 27, 2009, except for the section  
"Schedule of Expenditures of Federal Awards" as to which the date is December 18, 2008

**CITY OF LA HABRA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2008**

Federal Grantor/ Pass-through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Expenditures	Subrecipients
<b>U.S. Department of Agriculture</b>				
<b>Passed through State of California Department of Education:</b>				
Child and Adult Care Food Program	10.558	30-1454-1J	\$ 236,212	\$ -
Child and Adult Care Food Program	10.558	30-1454-7F	1,269,661	1,062,723
Total Child Care and Adult Care Food Program Grant			1,505,873	1,062,723
<b>Department of Health and Human Services</b>				
<b>Passed through California State Department of Education:</b>				
Child Care & Development Fund (CCDF)	93.596	CCTR-7238	330,633	77,201
Child Care & Development Block Grant Facilities Renovation & Rep	93.575	CPRM-5053	(1,890)	-
Child Care & Development Block Grant Infant Toddler Resource	93.575	CCAP-7240	2,438	-
Child Care & Development Block Grant School Age Resource	93.575	CSCC-7171	2,678	-
Child Care & Development Block Grant Instructional Materials	93.575	CIMS-7368	3,464	-
Child Care & Development Block Grant Facilities Renovation & Rep	93.575	CRPM-7037	2,088	-
Total CCDF Cluster Grant			339,411	77,201
<b>Passed through Orange County Head Start:</b>				
Head Start	93.600	09-CH007-23	1,093,424	-
Total Department of Health and Human Services			1,432,835	77,201
<b>U.S. Department of Homeland Security</b>				
<b>Passed through State of California:</b>				
Governor Office of Emergency Services Pre-Disaster Mitigation (PDM) Competitive Grants	97.017	PDMC-PL-09-CA-2005-59	3,794	-
<b>U.S. Department of Housing and Urban Development</b>				
<b>Passed through County of Orange:</b>				
Community Development Block Grant	14.218	B-98-MC-06-0582	1,018,685	120,274
<b>U.S. Department of Justice</b>				
<b>Passed through Office of Justice Programs:</b>				
Bulletproof Vest Partnership Program	16.607	2004BUBX04023483	15,915	-
<b>Passed through County of Orange</b>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007JAG DJBX-0523	21,000	-
Total Department of Justice			36,915	-
<b>U.S. Department of Labor</b>				
<b>Passed through County of Orange Community Services Agency:</b>				
WIA Youth Activities (In-School Youth)	17.259	55-2O-08	523,990	-
WIA Youth Activities (Out-of-School Youth)	17.259	55-2I-08	330,548	8,000
WIA Youth Activities (CAP)	17.259	55-CAP-08	93,227	-
Total U.S. Department of Labor			947,765	8,000
<b>Institute of Museum and Library Services</b>				
<b>Office of Museum Services</b>				
Museums for America	45.301	MA-03-07-0148-07	51,691	-
Total Federal Expenditures			\$ 4,997,558	\$ 1,268,198

See Accompanying Note to the Schedule of Expenditures of Federal Awards.

**CITY OF LA HABRA**  
**Note to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2008**

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of La Habra and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**CITY OF LA HABRA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2008**

**Section I - Summary of Auditor's Results**

***Financial statements:***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material Weakness(es) identified? No
- Significant deficiency(ies) identified not considered to be material weaknesses? None reported
- Noncompliance material to financial statements noted? No

***Federal Awards:***

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified not considered to be material weakness? 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 OMB Circular A-133? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.259	WIA Youth Activities
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? Yes

**CITY OF LA HABRA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2008**

**Section II - Financial Statement Audit**

None.

**Section III - Findings and Questioned Costs – Major Federal Award Programs Audit**

None.

**CITY OF LA HABRA**  
**Schedule of Prior Audit Findings**  
**Year Ended June 30, 2008**

There were no audit findings for the year ended June 30, 2007.