

# Agenda Report

April 2, 2012

**TO:** Honorable Mayor and City Council

**THROUGH:** Audit Committee

**FROM:** Director of Finance

**SUBJECT: FISCAL YEAR JUNE 30, 2011 SINGLE AUDIT AND PASADENA  
COMMUNITY ACCESS CORPORATION FINANCIAL STATEMENTS**

## **RECOMMENDATION:**

It is recommended that the following audit reports for the year ending June 30, 2011 be received by the City Council:

- 1.) City of Pasadena Single Audit Report on Federal Awards
- 2.) Pasadena Community Access Corporation Annual Financial Statements

## **BACKGROUND:**

This action is to receive and file the City's Single Audit Reports on federal awards and the audited financial statements of the Pasadena Community Access Corporation for the fiscal year ended June 30, 2011. These reports were not available in time for presentation with the City's reports on January 9, 2012. A brief presentation will be made by the City's external auditors, Brown Armstrong, Certified Public Accountants.

## **Single Audit Reports:**

The Single Audit Act of 1984 and Single Audit Act Amendments of 1996 establish uniform audit requirements for local governments expending federal awards greater than \$500,000 a year. The audit is on an "entity-wide" basis and imposes additional requirements in relation to testing of, and reporting on, internal control and compliance with laws and regulations. The Single Audit Report for Fiscal Year ended June 30, 2011 found that there were no material weaknesses in internal control over financial reporting and that the City continues to be a low risk auditee. The report presents

information that was previously reported in the City's Management Letter presented on January 9, 2012 regarding six significant weaknesses. The report also identifies five additional findings related to federal awards. In all cases, a management response and corrective action plan is provided and staff has or will fully address each finding.

### **Pasadena Community Access Corporation Financial Statements**

The Pasadena Community Access Corporation (PCAC) is a component unit of the City, similar to the Pasadena Center Operating Company and the Rose Bowl Operating Company. Component units are legally separate entities in substance but are part of the government's operations. For fiscal year ended June 30, 2011 the operations of the PCAC were brought under the umbrella of the City's audit. The auditor's opinion was qualified due to the lack of a management's discussion and analysis and budgetary comparison information, which are required by the Government Accounting Standards Board. Except for these omissions, the auditors found that the financial statements were presented fairly in all material respects.

Also included with the financial statements is the auditor's report on internal controls which identified two material weaknesses and four significant weaknesses. For all findings, a management response and corrective action plan is included.

### **COUNCIL POLICY CONSIDERATION:**

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through the receipt and review of these reports.

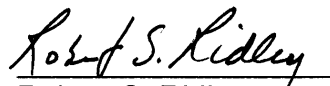
**FISCAL IMPACT:**

There is no fiscal impact as a result of this action nor will it have any indirect or support cost requirements. There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,

  
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ANDREW GREEN  
Director of Finance

Prepared by:

  
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Robert S. Ridley  
Controller

Approved by:

  
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MICHAEL J. BECK  
City Manager

Attachments: (2)

- A. Single Audit Report on Federal Awards
- B. Pasadena Community Access Corporation Annual Financial Report

\* Attachments are included in Council packets.