

City of Chula Vista

Chula Vista, California

Single Audit Reports

For the year ended June 30, 2009

City of Chula Vista
Single Audit Reports
For the fiscal year ended June 30, 2009

Table of Contents

	<u>Page</u>
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 <i>Government Auditing Standards</i>.....	1
Independent Auditors' Report on Compliance and Other Matters with Requirements Applicable to each Major Program and on Internal Control over Compliance and the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards.....	5
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs.....	9

**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 City Council
of the City of Chula Vista
Chula Vista, California

We have audited the basic financial statements of the City of Chula Vista, California (City) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with generally accepted auditing standards in the United States 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 audit procedures for the purpose of expressing our opinion on the basic 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 combination of control deficiencies, that adversely affects the entity'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 and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Honorable Mayor and Members of City Council
of the City of Chula Vista
Chula Vista, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic 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 result 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, 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. However, this report is a matter of public record and its distribution is not limited.

Capricci & Carlson

San Diego, California
December 7, 2009

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

To the Honorable Mayor and Members of City Council
of the City of Chula Vista
Chula Vista, California

Compliance and Other Matters

We have audited the compliance of the City of Chula Vista, California (City) 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, 2009. 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 generally accepted auditing standards in the United States; the standards applicable to financial audits contained in *Government Audit 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control over Compliance

The 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 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 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 City Council
of the City of Chula Vista
Chula Vista, California
Page 2

A *control deficiency* in the City'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 requirement of a federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity'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.

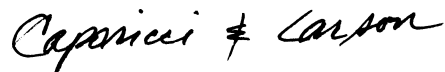
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

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 basic financial statements of the City as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 2009. Our audit was performed for the purpose of forming 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 financial statements taken as whole.

This report is intended solely for the information and use of management, City Council, 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. However, this report is a matter of public record and its distribution is not limited.



San Diego, California
December 7, 2009

City of Chula Vista
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2009

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Program</i>			
Community Development Block Grant	14.218	B-08-MC-060540 - B-08-MC-060544	\$ 2,996,552
Home Investment Partnership Program	14.239	M-04-MC-060505, M-05-MC-060505, M-06-MC-060505, M-07-MC-060505, M-08-MC-060505	532,218
Emergency Shelter Grant Program	14.231	S-07-MC-060540, S-08-MC-060540	53,089
<i>Passed through State of California</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96943301	9,435
Total U.S. Department of Housing and Urban Development			3,591,294
<u>U.S. Department of Transportation</u>			
<i>Passed through State Department of Transportation</i>			
DUI Enforcement Grant	20.600	AL 0826	206,958
OTS Sobriety Checkpoint Grants	20.600	SC08075, SC09075	194,717
OTS AVOID 2009	20.600	n/a	2,329
OTS DUI Corridor Safety Project	20.600	AL 0740	16,520
OTS DUI Protection	20.600	AL 0948	196,127
OTS STEP	20.600	PT0723	43,132
Operation Crack Down on Illegal Racing	20.600	PT0901	140,212
Federal Safe Routes to School	20.600	SRTSL 5203(024)	69,130
<i>Direct Programs</i>			
OTS Click It or Ticket	20.600	CT08075	21,058
CFDA 20.600 Total			890,183
<i>Passed through State Department of Transportation</i>			
Highway Planning and Construction	20.205*	CA356/HPP450	529,852
Highway Safety Improvement Program	20.205*	HSIPL 5203(025)	10,428
CFDA 20.205 Total			540,280
Total U.S. Department of Transportation			1,430,463
Balance carried forward to next page			\$ 5,021,757

* Denotes Major Programs

See accompanying Notes to Schedule of Expenditures of Federal Awards.

City of Chula Vista
Single Audit Reports
Schedule of Expenditures of Federal Awards, Continued
For the fiscal year ended June 30, 2009

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Balance carried from previous page			\$ 5,021,757
U.S. Department of Justice			
<i>Direct Program</i>			
Universal Hiring Program 2001	16.710	2001-ULWX-0013	2,350
Universal Hiring Program 2002	16.710	2002-ULWX-0064	15,952
CFDA 16.710 Total			18,302
<i>Direct Program</i>			
Justice Assistance Grant (JAG) 2006 Direct	16.738	2006 DJ-BX-0478	10,064
Justice Assistance Grant (JAG) 2008 Direct	16.738	2008 DJ-BX-0137	9,647
<i>Passed through County of San Diego</i>			
J.U.D.G.E.	16.738	DC-05180370	218,717
CFDA 16.738 Total			238,428
<i>Direct Program</i>			
Operation Alliance	16.UNK*	08.18PSC9502Z DEW G09SC0001A	223,457
Marine Task Force	16.UNK*	08.18PSC9502Z DEW G09SC0001A	69,263
Major Mexican Drug Traffickers	16.UNK*	08.18PSC9502Z DEW G09SC0001A	204,026
California Border Alliance Group	16.UNK*	08.18PSC9502Z DEW G09SC0001A	2,112,008
CFDA 16.UNK Total			2,608,754
<i>Direct Program</i>			
Byrne Discretionary Grant 2007	16.580*	2007-SS-BX-0622	140,571
Bulletproof Vest Partnership	16.607	BVP -2006-04	3,635
<i>Passed through State of California</i>			
Internet Crimes Against Children 2007	16.543	2000-MC-CX-K016	50,100
Domestic Violence Response Team	16.588*	LE07056364/LE08016364	116,609
Protect Safe Neighborhoods 2008	16.609	2003-GP-CX-0542	6,852
Total U.S. Department of Justice			3,183,251
U.S. Department of Homeland Security			
<i>Direct Program</i>			
Urban Area Security Initiative	97.008*	n/a	1,514
<i>Passed through State of California</i>			
Urban Area Security Initiative - FY08	97.008*	2008-0006	114,137
CFDA 97.008 Total			115,651
<i>Direct Program</i>			
Staffing for Adequate Fire and Emergency Response	97.083	08-0147	152,100
<i>Passed through State of California</i>			
Firestorm 2007	97.036	FEMA-1731-DR-CA	(1,974)
State Homeland Security Grant Program 2007	97.073	2007-0008	53,779
State Homeland Security Grant Program 2008	97.073	n/a	117,043
CFDA 97.073 Total			170,822
Balance carried forward to next page			\$ 8,641,607

See accompanying Notes to Schedule of Expenditures of Federal Awards.

City of Chula Vista
Single Audit Reports
Schedule of Expenditures of Federal Awards, Continued
For the fiscal year ended June 30, 2009

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Balance carried from previous page			\$ 8,641,607
<u>U.S. Department of Homeland Security, continued</u>			
<i>Direct Program</i>			
Law Enforcement Terrorism Prevention Program 2007	97.074	2007-0008	2,631
<i>Passed through County of San Diego</i>			
Operation Stonegarden	97.067*	2008-SG-T8-0001	317,730
Total U.S. Department of Homeland Security			760,908
<u>U.S. Department of Treasury</u>			
<i>Passed through State of California</i>			
Operation Best	21.000	2008-668/2009-668	39,539
Regional Computer Forensics Lab 2009	21.UNK	RCFL 2009	10,236
Fugitive Apprehension Team	21.UNK	MAU3 006R	16,149
Narcotics Task Force 2008	21.UNK	NIF2008/NIF2009	16,500
Total U.S. Department of Treasury			82,424
Total Expenditures of Federal Awards			\$ 9,044,392

See accompanying Notes to Schedule of Expenditures of Federal Awards.

City of Chula Vista
Single Audit Reports
Notes to Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2009

1. REPORTING ENTITY

The financial reporting entity, as defined by GASB Codification, consists of the primary government, City of Chula Vista (City), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City Council acts as the governing body and is able to impose its will on the following organizations, establishing financial accountability:

- The Redevelopment Agency of the City of Chula Vista
- The Chula Vista Public Financing Authority
- The Chula Vista Housing Authority

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Funds received under the various grant programs have been recorded within the general, special revenue, and capital projects funds of the City. The City utilizes the modified accrual basis of accounting for the general, special revenue and capital projects funds. The accompanying Schedule of Expenditures of Federal Awards has been prepared accordingly.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the State of California, the County of San Diego, and the City of San Diego is included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

City of Chula Vista
Single Audit Reports
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the basic financial statements of the City of Chula Vista, California (City).
2. No significant deficiencies relating to the audit of the financial statements were reported in the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of the City were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs were reported in the basic financial statements.
5. The auditors' report on compliance for the major federal award programs for the City expressed an unqualified opinion.
6. Audit findings relative to the major federal award programs for the City were reported in Part C of this Schedule below.
7. The programs tested as major programs include:

Major Program	CFDA	Expenditures
Highway Planning and Construction	20.205	\$ 529,852
Highway Safety Improvement Program	20.205	10,428
Operating Alliance	16.UNK	223,457
Marine Task Force	16.UNK	69,563
Major Mexican Drug Traffickers	16.UNK	204,026
California Border Alliance Group	16.UNK	2,112,008
Byrne Discretionary Grant 2007	16.580	140,571
Domestic Violence Response Team	16.588	116,609
Urban Area Security Initiative	97.008	1,514
Urban Area Security Initiative - FY08	97.008	114,137
Operation Stone Garden	97.067	317,730
Total Major Program Expenditures		\$ 3,839,895
Total Federal Award Expenditures		\$ 9,044,392
Percent of Total Federal Award Expenditures		42.46%

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City was determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No financial statement findings were noted.

City of Chula Vista
Single Audit Reports
Schedule of Findings and Questioned Costs, Continued
For the fiscal year ended June 30, 2009

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No findings or questioned costs were noted on the City's major programs for the year ended June 30, 2009.

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No findings or questioned costs were noted on the City's major programs for the year ended June 30, 2008.