

City of Chula Vista

Chula Vista, California

Single Audit Reports

For the year ended June 30, 2010

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

City of Chula Vista
Single Audit Reports
For the fiscal year ended June 30, 2010

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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 financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Chula Vista, California (City) as of and for the year ended June 30, 2010, and have issued our report thereon dated January 12, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 the City's 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.

To the Honorable Mayor and Members of City Council
of the City of Chula Vista
Chula Vista, California
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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, grant agreements and other matters, 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, 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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
January 12, 2011



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE 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

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 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, 2010.

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 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 and to test and report on the 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 City Council
of the City of Chula Vista
Chula Vista, California
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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 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, 2010, and have issued our report thereon dated January 12, 2011. 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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
March 17, 2011

City of Chula Vista
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2010

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Agency or Pass-Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct Program</i>			
CDBG Entitlement Grant Cluster:			
ARRA - Community Development Block Grant	14.253	B-08-MN-060540	\$ 1,680,744
Community Development Block Grant - Entitlement	14.218	B-08-MN-060540	2,042,751
CDBG Entitlement Grant Cluster Subtotal			3,723,495
Home Investment Partnership Program	14.239	M-03-MC-060505, M-05-MC-060505, M-08-MC-060505, M-09-MC-060505	179,790
Emergency Shelter Grant Program	14.231	S-09-MC-060540	88,198
ARRA - Homeless Prevention Program	14.257	S-09-MY-060540	153,500
Total U.S. Department of Housing and Urban Development			4,144,983
U.S. Department of Transportation			
<i>Direct Programs</i>			
Avoid the 14	20.600	AL0939	12,423
OTS Click It or Ticket 2009 and 2010	20.600	CT09075, CT10075	42,478
<i>Passed through State Department of Transportation</i>			
DUI Enforcement Grant	20.600	AL 0826	50,244
OTS DUI Enforcement and Awareness Grant 2009	20.600	AL1075	84,143
OTS Sobriety Checkpoint Program 2009 and 2010	20.600	SC09075, SC10075	271,051
OTS DUI Prosecution and Awareness Program	20.600	AL 0948	207,484
Operation Crack Down on Illegal Racing	20.600	PT0901	366,998
CFDA 20.600 Subtotal			1,034,821
<i>Passed through State Department of Transportation</i>			
Transportation Equity Act for the 21st Century	20.205	SAFETEA-LU	183,272
Highway Safety Improvement Program	20.205	HPLUN-5203(027)/(028), RPSIPLE 5203(022), SRTSL-5203(024), BHLS-5203(016)	2,662,479
CFDA 20.205 Subtotal			2,845,751
Total U.S. Department of Transportation			3,880,572
Balance carried forward			\$ 8,025,555

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, 2010

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Balance carried from previous page			\$ 8,025,555
U.S. Department of Justice			
<i>Direct Program</i>			
ARRA - Neighborhood Prosecution Unit 2009	16.808	2009-SC-B9-0086	31,152
ARRA - Southern Border Narcotics 2009	16.809	2009-SS-B9-0051	827,749
<i>Passed through the City of San Diego</i>			
ARRA - Justice Assistance Grant 2009	16.804	2009-SE-B9-0784	206,251
<i>Direct Program</i>			
Justice Assistance Grant (JAG) 2008 Direct	16.738	2008 DJ-BX-0137	15,640
Justice Assistance Grant (JAG) 2009 Direct	16.738	2009 DJ-BX-0137	27,815
<i>Passed through County of San Diego</i>			
J.U.D.G.E.	16.738	DC-09220370	377,070
16.738 Subtotal			420,525
<i>Direct Program</i>			
Operation Alliance	16.UNK	DEW G09SC0001A/G10SC0001 A	231,998
Marine Task Force	16.UNK	DEW G09SC0001A/G10SC0001 A	71,834
Major Mexican Drug Traffickers	16.UNK	DEW G09SC0001A/G10SC0001 A	226,310
California Border Alliance Group	16.UNK	DEW G09SC0001A/G10SC0001 A	1,894,478
16.UNK Subtotal			2,424,620
<i>Direct Program</i>			
Byrne Discretionary Grant 2007	16.580	2007-DD-BX-0622	60,668
Bulletproof Vest Partnership	16.607	BVP -2006-04	5,475
SAFE Task Force	16.UNK	2008-CX-WX-0002	1,429
<i>Passed through State of California</i>			
Internet Crimes Against Children 2010	16.543	2000-MC-CX-K016	48,409
Domestic Violence Response Team 2009/2010	16.588	LE08016364/LE09026364	147,440
Total U.S. Department of Justice			4,173,718
U.S. Department of Homeland Security			
<i>Direct Program</i>			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2005-FF-00289	59,400
<i>Passed through County of San Diego</i>			
Operation Stone Garden	97.067	2008-SG-T8-0001	387,071
<i>Passed through State of California</i>			
UASI	97.008		8,511
Emergency Management Performance Grant 2009	97.042	2009-15	34,576
Law Enforcement Terrorism Prevention Program 2007	97.074	2007-2008	1,042
<i>Passed through State of California</i>			
State Homeland Security Grant Program 2007-2009	97.073	2007-0008/2008-0006/2009-0019	215,993
<i>Passed through County of San Diego</i>			
Urban Areas Security Initiative	97.073	2007-2008	2,360
97.073 Subtotal			218,353
Total U.S. Department of Homeland Security			708,953
Balance carried forward			\$ 12,908,226

See accompanying Notes to Schedule of Expenditures of Federal Awards.

City of Chula Vista
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Schedule of Expenditures of Federal Awards, Continued
For the fiscal year ended June 30, 2010

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Balance carried from previous page			\$ 12,908,226
U.S. Institute of Museum and Library Services			
<i>Direct Program</i>			
National Leadership Grants	45.312	CL-00-09-0027-09	83,320
	Total U.S. Department Museum and Library Services		83,320
U.S. Department of Energy			
<i>Direct Program</i>			
ARRA - Energy Efficiency & Conservation Block Grants	81.128	DE-SC0002295	135,375
	Total U.S. Department of Energy		135,375
 Total Expenditures of Federal Awards			\$ 13,126,921

City of Chula Vista
Single Audit Reports
Notes to Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2010

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 special revenue and capital projects funds of the City. The City utilizes the modified accrual basis of accounting for the special revenue and capital projects funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of City's basic financial statements.

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, 2010

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 material weaknesses in internal control over financial reporting were identified or reported.
3. No instances of noncompliance material to the basic financial statements of the City were disclosed during the audit.
4. No material weaknesses in internal control over compliance of the major federal award programs were reported.
5. The auditors' report on compliance for the major federal award programs for the City expressed an unqualified opinion.
6. There were no audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include:

Major Program	CFDA	Expenditures
Community Development Block Grant Cluster	14.218/253	\$ 3,723,495
ARRA - Homeless Prevention Program	14.257	153,500
ARRA - Neighborhood Prosecution Unit	16.808	31,152
ARRA - Southern Border Narcotics	16.809	827,749
ARRA - Energy Efficiency & Conservation Block Grant	81.128	135,375
Total Major Program Expenditures		\$ 4,871,271
Total Federal Award Expenditures		\$ 13,126,921
Percent of Total Federal Award Expenditures		37.11%

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City was determined to be a low-risk auditee under Section 530 of OMB Circular A-133.

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, 2010

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, 2010.

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, 2009.