

City of Chula Vista

Chula Vista, California

Single Audit Reports

For the year ended June 30, 2011

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, 2011

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 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.....	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



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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, 2011, and have issued our report thereon dated December 28, 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

Management of the City is responsible for establishing and maintaining effective 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 opinion 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 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.

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 results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, 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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
December 28, 2011



Caporicci & Larson, Inc.
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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, 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.

In our opinion, the City 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.

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

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, and have issued our report thereon dated December 28, 2011 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's 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 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 financial statements and certain other 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a 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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
March 28, 2012

City of Chula Vista
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2011

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	B08-MN-060504, B09-MY-060540	\$ 1,062,515
Community Development Block Grant - Entitlement	14.218	B09-MC-060540, B-10-MC-060540	3,477,321
CDBG Entitlement Grant Cluster Subtotal			4,539,836
Home Investment Partnership Program	14.239	M05-MC-060505, M06-MC-060505, M07-MC-060505, M08-MC-060505, M09- MC-060505, M10-MC-060505	2,657,770
Emergency Shelter Grant Program	14.231	S09-MC-060540, S10-MC-060540	88,020
ARRA - Homeless Prevention Program	14.257	S-09-MY-060540	434,324
Total U.S. Department of Housing and Urban Development			7,719,950
U.S. Department of Justice			
<i>Direct Program</i>			
ARRA - Neighborhood Prosecution Unit 2009	16.808	2009-SC-B9-0086	168,446
ARRA - Southern Border Narcotics 2009	16.809	2009-SS-B9-0051	1,369,225
<i>Passed through the City of San Diego</i>			
Justice Assistance Grant Program Cluster:			
ARRA - Justice Assistance Grant 2009	16.804	2009-SE-B9-0784	261,452
<i>Direct Program</i>			
Justice Assistance Grant (JAG) 2009 Direct	16.738	2009-DJ-BX-0247	44,664
Justice Assistance Grant (JAG) 2010 Direct	16.738	2010-DJ-BX-1424	3,236
<i>Passed through County of San Diego</i>			
J.U.D.G.E.	16.738	DC-09220370	271,490
Justice Assistance Grant Program Cluster Subtotal			580,842
16.738 Subtotal			319,390
<i>Direct Program</i>			
Operation Alliance	16.UNK	G10SC0002A/G11SC0002A	209,779
Marine Task Force	16.UNK	G10SC0002A/G11SC0002A	64,190
Major Mexican Drug Traffickers	16.UNK	G10SC0002A/G11SC0002A	200,957
California Border Alliance Group	16.UNK	G10SC0002A/G11SC0002A	2,058,232
16.UNK Subtotal			2,533,158
<i>Direct Program</i>			
Bulletproof Vest Partnership	16.607	BVP -2006-04	21,144
Project Safe Neighborhoods	16.609	2007-PG-BX-4032	2,903
<i>Passed through State of California</i>			
Internet Crimes Against Children 2011	16.543	N/A	92,241
Domestic Violence Response Team 2010 and 2011	16.588	LE09026364, LE10036364	193,032
Coverdell Program	16.742	CQ10 01 6364	64,578
Total U.S. Department of Justice			5,025,569

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, 2011

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Agency or Pass-Through Number	Federal Expenditures
U.S. Department of Transportation			
<i>Passed through State Department of Transportation</i>			
Transportation Equity Act for the 21st Century	20.205	SAFETEA-LU	215,888
Highway Safety Improvement Program	20.205	SRTSL-5203(024), BHLS-5203 (016), HSIPL 5203 (025), HPLU 5203 (029)	1,411,601
CFDA 20.205 Subtotal			1,627,489
<i>Direct Programs</i>			
Avoid the 14	20.600	AL0939	11,512
OTS Click It or Ticket 2009 and 2010	20.600	CT10075	5,643
<i>Passed through State Department of Transportation</i>			
OTS DUI Enforcement and Awareness Grant 2009	20.600	AL1075	86,728
OTS Sobriety Checkpoint Program 2010 and 2011	20.600	SC10075, SC11075	113,397
OTS DUI Prosecution and Awareness Program	20.600	AL 0948	72,580
Operation Crack Down on Illegal Racing	20.600	PT0901	107,928
CFDA 20.600 Subtotal			397,788
<i>Passed through State Department of Transportation</i>			
OTS DUI Enforcement and Awareness Grant 2011	20.608	AL1113, AL1189	339,700
Total U.S. Department of Transportation			2,364,977
U.S. Institute of Museum and Library Services			
<i>Direct Program</i>			
National Leadership Grants	45.312	CL-00-09-0027-09	11,680
Total U.S. Institute Museum and Library Services			11,680
Environmental Protection Agency			
<i>Direct Program</i>			
Agreements	66.818	BF-96943301-0	17,153
Total Environmental Protection Agency			17,153
U.S. Department of Energy			
<i>Direct Program</i>			
Office of Science Financial Assistance Program	81.049	DE-SC-0005169	16,684
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	DE-OE-0000387	181,044
Energy Efficiency & Conservation Block Grants	81.128	DE-SC0002995	1,022,698
Total U.S. Department of Energy			1,220,426
U.S. Department of Health and Human Services			
<i>Direct Program</i>			
Communities Putting Prevention to Work	93.724	5011665 (TF381), 5001659 (TF380)	16,967
Total U.S. Department of Health and Human Services			16,967

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, 2011

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Agency or Pass-Through Number	Federal Expenditures
U.S. Department of Homeland Security			
<i>Direct Program</i>			
State Homeland Security Program	97.067	2008-0006, 2009-0019	93,942
Urban Area Security Initiative 2009	97.067	2009-0019	88,833
<i>Passed through County of San Diego</i>			
Operation Stone Garden	97.067	2008-SG-T8-0001, 2009-1004 , 2010-1085	860,444
<i>Passed through State of California</i>			
Urban Area Security Initiative	97.008	2008-0006	207,590
Emergency Management Performance Grant 2010	97.042	2010-0044	39,262
		Total U.S. Department of Homeland Security	1,290,071
Total Expenditures of Federal Awards			\$ 17,666,793

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, 2011

1. REPORTING ENTITY

The financial reporting entity 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 only from 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, 2011

Section I - Summary of Auditor's Results

Financial Statements

Types of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? 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>	<u>Expenditures</u>
14.218/14.253	Community Development Block Grants/Entitlement Grants Cluster	\$ 4,539,836
14.239	HOME Investment Partnerships Program	2,657,770
16.738/16.804	Edward Byrne Memorial Justice Assistance Grants Cluster	580,842
16.808	ARRA - Edward Byrne Memorial Competitive Grant Program	168,446
16.809	ARRA - State and Local Law Enforcement Assistance Program	1,369,225
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis	181,044
81.128	Energy Efficiency and Conservation Block Grant Program	1,022,698
Total Expenditures of All Major Federal Programs		\$ 10,519,861
Total Expenditures of Federal Awards		\$ 17,666,793
Percentage of Total Expenditures of Federal Awards		59.55%

Dollar threshold used to distinguish between type A and type B program \$530,004

Auditee qualified as low-risk auditee under section 530 of OMB
 Circular A-133? Yes

City of Chula Vista
Single Audit Reports
Schedule of Findings and Questioned Costs, Continued
For the fiscal year ended June 30, 2011

Section II - Financial Statement Findings

No financial statements findings were noted.

City of Chula Vista
Single Audit Reports
Schedule of Findings and Questioned Costs, Continued
For the fiscal year ended June 30, 2011

Section III- Federal Awards Findings

A. 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, 2011.

City of Chula Vista
Single Audit Reports
Schedule of Findings and Questioned Costs, Continued
For the fiscal year ended June 30, 2011

Section III- Federal Awards Findings, Continued

B. 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, 2010.