

# City of Chula Vista

Chula Vista, California

## *Single Audit Report*

*For the year ended June 30, 2012*



**City of Chula Vista**  
**Single Audit Report**  
**For the fiscal year ended June 30, 2012**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>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> .....</b>	<b>1</b>
<b>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, and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133 .....</b>	<b>3</b>
Schedule of Expenditures of Federal Awards .....	5
Notes to the Schedule of Expenditures of Federal Awards.....	8
Schedule of Findings and Questioned Costs .....	9





6265 Greenwich Drive  
Suite 220  
San Diego, California 92122

**Phone:** (858) 242-5100  
**Fax:** (858) 242-5150  
[www.pm-llp.com](http://www.pm-llp.com)

**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, 2012, and have issued our report thereon dated December 27, 2012. 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, 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.

A handwritten signature in black ink that reads "Paul J. McGeady LLP". The signature is written in a cursive, slightly slanted style.

San Diego, California  
December 27, 2012



6265 Greenwich Drive  
Suite 220  
San Diego, California 92122

**Phone:** (858) 242-5100  
**Fax:** (858) 242-5150  
[www.pm-llp.com](http://www.pm-llp.com)

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

We have audited the City of Chula Vista, California's (City) compliance 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, 2012. 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, 2012.

**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, 2012, and have issued our report thereon dated December 27, 2012 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 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 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 basic 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 basic financial statements or to the basic 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 basic 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.



San Diego, California  
March 21, 2013, expect for the Schedule of Expenditures of Federal Awards, which is as of  
December 27, 2012



**City of Chula Vista**  
**Single Audit Report**  
**Schedule of Expenditures of Federal Awards**  
**For the fiscal year ended June 30, 2012**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Award Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<i>Direct Program</i>			
CDBG Entitlement Grant Cluster:			
ARRA - Community Development Block Grant	14.253	B09-MY-060540	\$ 438,350
Community Development Block Grant - Entitlement	14.218	B08-MC-060510, B10-MC-060540, B11-MC-060540	1,570,734
<b>CDBG Entitlement Grant Cluster Subtotal</b>			<b>2,009,084</b>
Home Investment Partnership Program	14.239	M08-MC-060505, M09-MC-060505, M10-MC-060505, M11-MC-060505	809,159
Emergency Shelter Grant Program	14.231	E11-MC-060540, S10-MC-060540	88,491
ARRA - Homeless Prevention and Rapid Re-Housing Program (HPRP)	14.257	S09-MY-060540	216,387
<b>Total U.S. Department of Housing and Urban Development</b>			<b>3,123,121</b>
<b>U.S. Department of Justice</b>			
<i>Direct Program</i>			
ARRA - Neighborhood Prosecution Unit 2009	16.808	2009-SC-B9-0086	156,505
ARRA - Southern Border Narcotics 2009	16.809	2009-SS-B9-0051	667,632
<i>Passed through the City of San Diego</i>			
Justice Assistance Grant Program Cluster:			
ARRA - Justice Assistance Grant 2009	16.804	2009-SB-B9-0787	20,690
<i>Passed through the State of California</i>			
Justice Assistance Grant Program Cluster:			
ARRA - Justice Assistance Grant	16.803	2005-VT-BX-0025	3,033
<i>Direct Program</i>			
Justice Assistance Grant (JAG) 2010 Direct	16.738	2010-DJ-BX-1424	83,570
Justice Assistance Grant (JAG) 2011 Direct	16.738	2011-DJ-BX-2408	18,253
<i>Passed through County of San Diego</i>			
J.U.D.G.E.	16.738	DC11240370	239,104
<b>Justice Assistance Grant Program Cluster Subtotal</b>			<b>364,650</b>
<i>Direct Program</i>			
Operation Alliance	95.001	G11SC0002A, G12SC0002A	214,296
Marine Task Force	95.001	G11SC0002A, G12SC0002A	64,409
Major Mexican Drug Traffickers	95.001	G11SC0002A, G12SC0002A	209,184
California Border Alliance Group	95.001	G11SC0002A, G12SC0002A	2,297,617
Cross Border Violent Task Force	95.001	G12SC0002A	37,270
<b>CFDA 95.001 Subtotal</b>			<b>2,822,776</b>
<i>Direct Program</i>			
Bulletproof Vest Partnership	16.607		5,553
Equitable Sharing Program	16.922		66,136
Project Safe Neighborhoods	16.609	2007-PG-BX-4032	27,759
Missing Children's Assistance	16.543		54,101
Violence Against Women Formula Grants	16.588	LE10036364	90,105
Coverdell Program	16.742	CQ10 01 6364	48,379
Treasury Forfeiture Fund Program	21.000		12,918
<b>Total U.S. Department of Justice</b>			<b>4,316,514</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**City of Chula Vista**  
**Single Audit Report**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the fiscal year ended June 30, 2012**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Award Number	Federal Expenditures
<b>U.S. Department of Transportation</b>			
<i>Passed through State Department of Transportation</i>			
Transportation Equity Act for the 21st Century	20.205	HPLU-5203 (028)	306,443
Highway Bridge Replacement and Rehab (HBRR)	20.205	BHLS-5203 (016)	314,482
Pedestrian/ Bicycle Development and Enhancement Plan	20.205	HPLU 5203 (029)	47,440
Highway Safety Improvement Program	20.205	HSIPL 5203 (025)	436,797
<b>CFDA 20.205 Subtotal</b>			<b>1,105,162</b>
<i>Direct Programs</i>			
Alcohol Impaired Driving Countermeasures	20.601	11MST-07	7,500
<i>Passed through State Department of Transportation</i>			
OTS AVOID the 14 DUI Campaign 2009	20.600	AL0939	16,200
OTS Sobriety Checkpoint Program 2011 and 2012	20.600	SC11075, SC12075	140,559
<b>CFDA 20.600 Subtotal</b>			<b>156,759</b>
<i>Passed through State Department of Transportation</i>			
Minimum Penalties for Repeat offenders for DUI	20.608	AL1113, 20270, AL1189	453,148
<b>Total U.S. Department of Transportation</b>			<b>1,722,569</b>
<b>Environmental Protection Agency</b>			
<i>Direct Program</i>			
Agreements	66.818	BF-96943301-0	31,139
<b>Total Environmental Protection Agency</b>			<b>31,139</b>
<b>U.S. Department of Energy</b>			
<i>Direct Program</i>			
Office of Science Financial Assistance Program	81.049	DE-SC-0005169	28,817
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	DE-OE-0000387	12,954
Energy Efficiency & Conservation Block Grants	81.128	DE-SC0002995, DE-EE0003562/000	584,061
Dissemination, Outreach, Training and Technical Analysis/ Assistance Program	81.117	DE-EE0005696	1,669
<b>Total U.S. Department of Energy</b>			<b>627,501</b>
<b>U.S. Department of Health and Human Services</b>			
<i>Direct Program</i>			
Communities Putting Prevention to Work	93.724	5001651, 5011665 (TF381), 5001659 (TF380)	157,001
<b>Total U.S. Department of Health and Human Services</b>			<b>157,001</b>
<b>U.S. Department of Homeland Security</b>			
<i>Direct Program</i>			
State Homeland Security Program	97.067	2009-0019, 2010-0085	240,235
Urban Area Security Initiative	97.067	2009-0019, 2010-0085	619,751
<i>Passed through County of San Diego</i>			
Operation Stone Garden	97.067	2009-1004 , 2010-1085, 2011-1077	1,737,302
<b>CFDA 97.067 Subtotal</b>			<b>2,597,288</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**City of Chula Vista**  
**Single Audit Report**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the fiscal year ended June 30, 2012**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Award Number	Federal Expenditures
<i>Passed through State of California</i>			
Emergency Management Performance Grant	97.042	2011-0048	14,446
Radiological/ Nuclear Detection Pilot Evaluations	97.121	2010-0001	4,664
		<b>Total U.S. Department of Homeland Security</b>	<u>2,616,398</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 12,594,243</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**City of Chula Vista**  
**Single Audit Report**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the fiscal year ended June 30, 2012**

**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 Report**  
**Schedule of Findings and Questioned Costs**  
**For the fiscal year ended June 30, 2012**

**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

Noncompliance material to financial statements noted? No

**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:

CFDA Number(s)	Name of Federal Program or Cluster	Expenditures
14.218/14.253	Community Development Block Grants/Entitlement Grants Cluster	\$ 2,009,084
16.809	ARRA - State and Local Law Enforcement Assistance Program	667,632
95.001	High Intensity Drug Trafficking Areas Program	2,822,776
20.205	Highway Planning and Construction	1,105,162
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	453,148
81.128	Energy Efficiency and Conservation Block Grant Program	584,061
97.067	Homeland Security Grant Program	2,597,288
<b>Total Expenditures of All Major Federal Programs</b>		<b>\$ 10,239,151</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 12,594,243</b>
<b>Percentage of Total Expenditures of Federal Awards</b>		<b>81.30%</b>

Dollar threshold used to distinguish between type A and type B program \$377,827

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

**City of Chula Vista**  
**Single Audit Report**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the fiscal year ended June 30, 2012**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No financial statements findings were noted.

**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, 2012.

**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, 2011.