

CITY OF SAN BRUNO  
San Bruno, California

Single Audit Report on Federal Awards

Year ended June 30, 2010

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Year ended June 30, 2010

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Honorable Mayor and City Council  
City of San Bruno, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the governmental activities, each major fund, and the aggregate remaining fund information of the City of San Bruno, California (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 15, 2010. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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 or other matters that are required to be reported under *Government Auditing Standards*.

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 opinions 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all the deficiencies in the internal control 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.

Honorable Mayor and City Council  
City of San Bruno, California  
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This report is intended solely for the information of the City Council, management of the City of San Bruno, 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.

*Mayer Hoffman Mc Cann P.C.*

San Jose, California  
December 15, 2010



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Honorable Mayor and City Council  
City of San Bruno, California

### **REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

#### Compliance

We have audited the compliance of the City of San Bruno with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on that are applicable to each of its major federal programs for the year ended June 30, 2010. The City of San Bruno'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 of San Bruno's *management*. Our responsibility is to express an opinion on the City of San Bruno'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 of San Bruno'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 of San Bruno's compliance with those requirements.

In our opinion, the City of San Bruno has complied, in all material respects, with the requirements *referred* to above that could have a direct and material effect that are applicable to each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

Management of the City of San Bruno 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 of San Bruno'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 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 of San Bruno's internal control over compliance.

*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 and Federal Awards

We have audited the financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the City of San Bruno as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of San Bruno'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 basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management of the City of San Bruno, others within the entity, 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.

*Mayer Hoffman Mc Cann P.C.*

San Jose, California  
December 15, 2010

City of San Bruno  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2010

	Federal Domestic Assistance Number	Program Identification Number	Program Expenditures
	<u>          </u>	<u>          </u>	<u>          </u>
Library Services and Technology Act			
Pass-through from the State of California:			
California State Library	45.310	40-7433	\$ <u>2,955</u>
U.S. Department of Health and Human Services			
Pass-through San Mateo County Aging and Adult Services Dept:			
ARRA Nutrition	93.707	n/a	14,716 *
Nutrition Services	93.045	n/a	91,915 *
Supportive Services	93.044	n/a	<u>14,070</u> *
Subtotal U.S. Department of Aging			<u>120,701</u>
U.S. Department of Justice			
Pass-through from the State of California:			
Office of Justice Programs, Bureau of Justice Assistance			
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0452	8,063
DUI Enforcement and Awareness Program	20.600	SC10361	5,392
DUI Enforcement and Awareness Program	20.600	AL1054	<u>33,235</u>
Subtotal U.S. Department of Justice			<u>46,690</u>
U.S. Department of Transportation			
Pass-through from the State of California:			
Highway Planning and Administration	20.205	ESPL-5226	636,181 *
Total expenditures of federal awards			<u>\$ 806,527</u>

\* Major program  
n/a - Not available

See accompanying notes to the schedule of expenditures of federal awards

CITY OF SAN BRUNO

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of San Bruno that are reimbursable under the programs of federal agencies providing financial assistance. For the purposes of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

CITY OF SAN BRUNO  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

(A) Summary of Auditors' Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.
2. There were no material weaknesses in internal control over financial reporting.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.
4. There were no material weaknesses in internal control over the major programs of the auditee.
5. An unqualified report was issued by the auditors on compliance for major programs.
6. The audit disclosed no audit findings required by the auditors to be reported under paragraph .510(a) of OMB Circular A-133.
7. The major program of the auditee was as follows:
  - Department of Transportation – Highway Planning and Administration – CFDA #20.205
  - Department of Health and Human Services- Nutrition and Supportive Services – CFDA#93.707, 93.045 and 93.044
8. The dollar threshold used to distinguish Type A and Type B programs was \$300,000.
9. The auditee was considered a low risk auditee for the year ended June 30, 2010 for the purposes of determining major programs.

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There were no findings.

(C) Findings and Questioned Costs for Federal Awards as Defined in Paragraph .510(a) of OMB Circular A-133

There were no auditors' findings required to be reported in accordance with paragraph .510(a) at OMB Circular A-133.

CITY OF SAN BRUNO

Summary Schedule of Prior Audit Findings

Year ended June 30, 2010

There were no prior audit findings from the previous audit reports requiring follow up during the year ended June 30, 2010.