

CITY OF SAN BRUNO, CALIFORNIA
SINGLE AUDIT REPORT ON FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**CITY OF SAN BRUNO, CALIFORNIA
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**INDEPENDENT AUDITOR'S 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 the City Council
San Bruno, California

We have audited the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the City of San Bruno (the City) as of and for the year ended June 30, 2011, which collectively comprise the City of San Bruno's basic financial statements and have issued our report thereon dated January 19, 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

The management of the City of San Bruno is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of San Bruno'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 of San Bruno's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of San Bruno'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 a 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of San Bruno's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council, management, 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
January 19, 2012



**INDEPENDENT AUDITOR'S 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**

To the Honorable Mayor and Members of the City Council
San Bruno, California

Compliance

We have audited the City of San Bruno's (the 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 the City of San Bruno's major Federal programs for the year ended June 30, 2011. 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 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

The 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 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 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 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 Expenditure 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 of San Bruno as of and for the year ended June 30, 2011 and have issued our report dated December 23, 2011. Our audit was conducted for the purpose of forming 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 listed in the table of contents is required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis 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, Federal awarding agencies, and pass-through entities, is not intended to be, and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
January 19, 2012

CITY OF SAN BRUNO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

	Federal Domestic Assistance Number	Program Identification Number	Program Expenditures
US Department of Health and Human Services			
Pass-through from San Mateo County Aging and Adult Services Department*			
Nutrition Services Incentive Program	93.053	Not Applicable	\$ 17,335
Title III, Part C Nutrition Services	93.045	Not Applicable	65,959
Title III, Part B Grants for Supportive Services and Senior Centers	93.044	Not Applicable	16,500
Total US Department of Health and Human Services			<u>99,794</u>
US Department of Justice			
Pass-through from the State of California			
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0452	5,225
US Department of Transportation			
Direct Grants			
National Highway Traffic Safety Discretionary Grants	20.614	CT11 361	2,546
State and Community Highway Safety	20.600	SC11 361	17,924
Pass-through from the State of California			
State and Community Highway Safety	20.600	SC10361	10,863
State and Community Highway Safety	20.600	AL1054	43,759
Highway Planning and Construction	20.205	HP21L-6014(006)	9,450
Highway Planning and Construction	20.205	ESPL-5226	80,769
Total US Department of Transportation			<u>165,311</u>
US Department of Homeland Security			
Assistance to Firefighters Grant	97.044	Not Applicable	216,383
US Department of Housing and Urban Development			
Pass-through from the County of San Mateo			
Community Development Block Grants	14.228	79000-10-C156	74,126
Total Expenditures of Federal Awards			<u>\$ 560,839</u>

*State-Funded expenditures for Congregate Nutritional Services amounted to \$33,800 for the fiscal year ended June 30, 2011

See accompanying note to the schedule of expenditures of federal awards.

CITY OF SAN BRUNO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2011

Note 1 – Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

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.

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 include any property or equipment acquisitions incurred under the federal program.

CITY OF SAN BRUNO

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR'S RESULTS
YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>97.044</u>	<u>Assistance to Firefighters Grant</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS:

None Reported.

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

None Reported.

CITY OF SAN BRUNO

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

None Reported