

**CITY OF SAN BRUNO, CALIFORNIA**  
**SINGLE AUDIT REPORT ON FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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SINGLE AUDIT REPORT  
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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, 2012, which collectively comprise the City of San Bruno's basic financial statements and have issued our report thereon dated December 28, 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  
December 28, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM, INTERNAL CONTROL OVER  
COMPLIANCE AND THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS 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, 2012. 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, 2012.

## **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, 2012 and have issued our report thereon dated December 28, 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 of San Bruno'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 additional 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 expenditures of federal awards is fairly stated in all material respects in relation to the 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.

*Vavrinck, Trine, Day & Co. LLP*

Palo Alto, California  
January 16, 2013

**CITY OF SAN BRUNO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2012**

				Federal		
				Domestic	Program	
				Assistance	Identification	Program
Federal Grantors/Program Title				Number	Number	Expenditures
<b>US Department of Health and Human Services</b>						
Pass-through from San Mateo County Aging and Adult Services Department*						
	Nutrition Services Incentive Program			93.053	Not Applicable	\$ 18,421
	Special Program fro the Aging-Title III, Part B Grants for Supportive Services and Senior Centers			93.044	Not Applicable	16,500
	Special Program fro the Aging-Title III, Part C Nutrition Services			93.045	Not Applicable	36,529
	Total US Department of Health and Human Services					71,450
<b>US Department of Justice</b>						
Direct Grants						
	Bulletproof Vest Partnership Program			16.607	Not Applicable	17,414
<b>US Department of Transportation</b>						
Pass-through from the State of California Department of Transportation:						
	Highway Planning and Construction					
	Cycle 1 Federal Aid Street Rehabilitation			20.205	STPL-5226(017)	398,000
	Transportation Enhancement Funds			20.205	Not Applicable	508,931
Pass-through from National Highway Traffic Safety Administration:						
	Minimum Penalties for Repeat Offenders for Driving While Intoxicated					
	Sobriety Checkpoint Program			20.608	SC11 361	5,435
	Avoid the 23 Campaign			20.600	20435	4,047
	Total US Department of Transportation					916,413

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

**CITY OF SAN BRUNO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2012 (CONTINUED)**

Federal Domestic Assistance Number	Program Identification Number	Program Expenditures
<b>Federal Grantors/Program Title</b>		
<b>US Department of Homeland Security</b>		
Direct Grants		
97.044	EMW-2010-FR-00378	39,368
<b>US Department of Housing and Urban Development</b>		
Pass-through from the County of San Mateo		
14.218	79000-10-C156	26,596
<b>Institute of Museum and Library Services</b>		
Pass-through from the California State Library:		
Grants to States		
45.310	40-7976	27,000
<b>US Department of Energy</b>		
Direct Grants		
Energy Efficiency and Conservation Block Grant Program (EECBG)		
81.128	Not Applicable	38,498
81.128	Not Applicable	87,731
81.128	Not Applicable	12,770
Total US Department of Energy		138,999
Total Expenditures of Federal Awards		<u>\$ 1,237,240</u>

\*State-Funded expenditures for Congregate Nutritional Services amounted to \$33,708 for the fiscal year ended June 30, 2012.

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, 2012

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### **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  
YEAR ENDED JUNE 30, 2012**

Summary of Auditor's Results

FINANCIAL STATEMENTS			
Type of auditor's 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:			
	<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
	20.205	Highway Planning and Construction	
Dollar threshold used to distinguish between Type A and Type B programs:			\$ 300,000
Auditee qualified as low-risk auditee?			Yes

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:

None Reported.

**CITY OF SAN BRUNO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2012**

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None Reported.