

CITY OF SUNNYVALE
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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CITY OF SUNNYVALE
SINGLE AUDIT REPORT
For The Year Ended June 30, 2011

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**CITY OF SUNNYVALE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2011**

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unqualified

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	U.S. Department of Transportation – Highway Planning and Construction
17.258, 17.259 & 17.260	U.S. Department of Labor – Workforce Investment Act (Cluster)
16.000	U.S. Department of Justice – Asset Forfeiture
12.607	U. S. Department of Defense – Community Economic Adjustment Planning Assistance Grants

Dollar threshold used to distinguish between type A and type B programs: \$776,319

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated November 18, 2011 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – Prepared by Management.

Financial Statement Prior Year Findings

There were no prior year Financial Statement Findings reported.

Federal Award Prior Year Findings and Questioned Costs

There were no prior year Federal Award Findings and Questioned Costs reported.

CITY OF SUNNYVALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
CDBG Entitlement Grants Cluster			
U.S. Department of Housing And Urban Development Direct Programs			
Community Development Block Grants/Entitlement Grants	14.218		
Program Expenditures			\$1,982,064
Subrecipients:			
Bill Wilson Center			15,864
Catholic Charities of Santa Clara County			18,775
EHC Lifebuilders			24,461
Family & Children Services			20,057
First United Methodist Church Sunnyvale			20,432
Friends for Youth			10,913
Live Oak Adult Day Services			12,639
Outreach & Escort Inc			17,702
Senior Adults Legal Assistance			2,896
Sunnyvale Community Services Inc			77,019
YWCA of Silicon Valley			18,842
Program Subtotal	14.218		<u>2,221,664</u>
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253		
Program Expenditures			
Subrecipients:			
Family & Children Services			3,720
Program Subtotal	14.253		<u>3,720</u>
Total CDBG Entitlement Grants Cluster			<u>2,225,384</u>
HOME Investment Partnership Program	14.239		
Program Expenditures			1,518,356
Subrecipients:			
Housing Authority of the County of Santa Clara			43,750
Program Subtotal	14.239		<u>1,562,106</u>
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257		
Program Expenditures			414
Subrecipients:			
Sunnyvale Community Services Inc			40,178
Program Subtotal	14.257		<u>40,592</u>
Total U.S. Department of Housing and Urban Development			<u>3,828,082</u>
U.S. Department of Transportation Pass- Through Programs from:			
State of California Department of Transportation	20.205		
Highway Planning and Construction			
ARRA - Homestead Road Resurfacing		ESPL-5213 (034)	859,253
ARRA - Sunnyvale Ave Resurfacing		ESPL-5213 (033)	293,535
Fair Oaks Avenue Over Caltrain		BHLS-5213(039)	8,337
Mtn View-Alviso Road Over Calabazas Creek		BRLS-5213 (040)	4,531
Mathilda Avenue Railroad Overpass Improvement		BRLS-5213 (018)	8,824,212
Citywide School Pedestrian Safety Improvement		SRTSL-5213 (027)	14,052
Roadway Rehabilitation on Various Streets Phase II		STPL-5213(030)	204,034
Program Subtotal	20.205		<u>10,207,954</u>

(continued)

CITY OF SUNNYVALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
City of San Jose			
State and Community Highway Safety Program	20.600		
Avoid the 13		Not Available	4,382
State of California Office of Traffic Safety			
Sobriety Checkpoint Minigrant		SC11422	2,055
Program Subtotal	20.600		6,437
Total U.S. Department of Transportation Pass- Through Programs			10,214,391
U.S. Department of Homeland Security Pass-Through Programs From:			
State of California Office of Emergency Services and			
Santa Clara County Office of Emergency Services			
Emergency Management Performance Grant	97.042	Not Available	21,578
Homeland Security Grant Program	97.067	Not Available	130,045
State of California Office of Emergency Services and City and County of San Francisco			
Urban Area Security Initiative (2008)	97.008	Not Available	32,281
State of California Office of Emergency Services and County of Alameda			
Urban Area Security Initiative (2009)	97.008	Not Available	1,716
Total U.S. Department of Homeland Security Pass-Through Programs			185,620
U.S. Department of Justice Direct Programs			
Asset Forfeiture	16.000		143,335
FY10 Byrne Memorial Justice Assistance Grant	16.738		18,952
FY10 Bulletproof Vest Partnership Program	16.607		8,280
Total U.S. Department of Justice			170,567
U.S. Department of Treasury Direct Program:			
Asset Forfeiture	21.000		4,576
Total U.S. Department of Treasury Direct Programs			4,576
U.S. Department of Defense Direct Program			
Community Economic Adjustment Planning Assistance Grants	12.607		195,583
Total U.S. Department of Defense Direct Programs			195,583
Institute of Museum and Library Services Pass-Through Programs from:			
State Library Program, Grants to States	45.310		
California State Library			
California's Family Place Library Program - Implementation		40-7718	13,109
Enhancement for Programming		40-7489	5,000
Total Institute of Museum and Library Services Pass- Through Programs	45.310		18,109
U.S. Department of Energy Direct Programs			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		
Program Expenditures			263,826
Subrecipients:			
Acterra: Action for a Sustainable Earth			37,125
Total U.S Department of Energy Direct Programs	81.128		300,951

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CITY OF SUNNYVALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Labor Direct Programs			
Homeless Veterans Reintegration Project	17.805		
HVRP Supplemental Program Expenditures			5,156
Subrecipients:			
Vietnam Veterans of California			44,254
HVRP Program Expenditures			12,082
Subrecipients:			
Vietnam Veterans of California			<u>231,204</u>
Subtotal U.S. Department of Labor Direct Non-Cluster Programs	17.805		<u>292,696</u>
U.S. Department of Labor Pass-Through Programs From:			
State of California Employment Development Department			
WIA Pilots, Demonstrations, and Research Projects - Disability Navigator	17.261	K074156	4,509
WIA Pilots, Demonstrations, and Research Projects - Cap Bldg	17.261	R970552	<u>7,931</u>
Subtotal pass-through programs for WIA Pilots, Demonstrations, and Research Projects Grants			<u>12,440</u>
ARRA Wagner-Peyser - Disability Navigator	17.207	K078480	22,360
ARRA Wagner-Peyser - Disability Navigator - Assistive Technology	17.207	K078480	5,675
Wagner-Peyser - Green Innovation Challenge	17.207	K078480	<u>98,482</u>
Subtotal pass-through programs for Employment Service / Wagner-Peyser Funded Activities			<u>126,517</u>
WIA Cluster			
U.S. Department of Labor Direct Programs	17.260		
WIA Dislocated Workers - National Emergency Grant - BRAC			<u>1,250</u>
Subtotal U.S. Department of Labor Direct (WIA Cluster) Programs			<u>1,250</u>
U.S. Department of Labor Pass-Through Programs From:			
State of California Employment Development Department			
WIA Adult Program	17.258		
WIA Adult Program		K074156	186,032
ARRA - WIA Adult Program - Vets		K074156	653,539
WIA Adult Program - CDCR New Start		K074156	54,956
WIA Adult Program - CDCR New Start		K178675	6,719
ARRA - WIA RICOG		K074156	194,293
WIA Adult Program		K178675	689,651
ARRA - WIA Adult Program		R970552	214,205
WIA Adult Program - ISD Study		R970552	10,000
WIA Adult Program - Green Innovation Challenge		K074156	10,033
ARRA - WIA Adult Program - Incentive Award		K074156	<u>6,520</u>
Subtotal WIA Adult Program Grants	17.258		<u>2,025,948</u>
WIA Youth Activities	17.259		
WIA Youth Activities		K178675	635,612
WIA Youth Activities		K074156	97,862
ARRA - WIA Youth Activities			
Program Expenditures		R970552	<u>109,626</u>
Subtotal WIA Youth Program Grants	17.259		<u>843,100</u>

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CITY OF SUNNYVALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
WIA Dislocated Workers	17.260	K178675	567,672
WIA Dislocated Workers		K074156	301,457
ARRA - WIA Dislocated Workers		R970552	57,793
WIA Dislocated Workers - Rapid Response		K178675	895,816
ARRA - WIA Dislocated Workers Rapid Response		R970552	1,640,507
ARRA - WIA Dislocated Workers Rapid Response, Additional Assistance		K074156	287,924
WIA Dislocated Workers - STAR XXI		K074156	1,662,989
WIA Dislocated Workers - STAR		K074156	<u>2,243,315</u>
Subtotal WIA Dislocated Workers Grants	17.260		<u>7,657,473</u>
Total WIA Cluster			<u>10,527,771</u>
Total U.S. Department of Labor			<u>10,959,424</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$25,877,303</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF SUNNYVALE

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2011**

NOTE 1-REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of Sunnyvale, California and its component units as disclosed in the notes to the Basic Financial Statements.

NOTE 2-BASIS OF ACCOUNTING

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS

Federal awards may be granted directly to the City by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the City. The Schedule includes both of these types of Federal award programs when they occur.

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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**

Honorable Mayor and City Council
Of the City of Sunnyvale, California

We have audited the financial statements of the City of Sunnyvale as of and for the year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. The report included a special emphasis paragraph concerning proposed redevelopment dissolution. We conducted our audit in accordance with generally accepted auditing standards 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 of Sunnyvale 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 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 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'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 and other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 18, 2011 which is an integral part of our audits and should be read in conjunction with this report.

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

Mare & Associates

November 18, 2011

**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**

Honorable Mayor and City Council
Of the City of Sunnyvale, California

Compliance

We have audited City of Sunnyvale's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's 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 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. 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 of Sunnyvale's compliance with those requirements.

In our opinion, the City of Sunnyvale 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.

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 City as of and for the year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. 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 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 management, City Council, 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.

Mare & Associates

November 18, 2011