

**CITY OF SUNNYVALE**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

This Page Left Intentionally Blank

**CITY OF SUNNYVALE**  
**SINGLE AUDIT REPORT**  
**For The Year Ended June 30, 2012**

**TABLE OF CONTENTS**

	<u>Page</u>
Schedule of Findings and Questioned Costs.....	1
Section I - Summary of Auditor's Results.....	1
Section II – Financial Statement Findings.....	2
Section III – Federal Award Findings and Questioned Costs.....	2
Section IV - Status of Prior Year Findings and Questioned Costs.....	2
Schedule of Expenditures of Federal Awards.....	3
Notes to Schedule of Expenditures of Federal Awards.....	7
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 <i>Government Auditing Standards</i> .....	9
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 .....	11

This Page Left Intentionally Blank

**CITY OF SUNNYVALE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2012**

**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>
<u>81.128</u>	<u>U.S. Department of Energy – Energy Efficiency and Conservation Block Grant Program (ARRA)</u>
<u>97.067</u>	<u>U. S. Department of Homeland Security - Homeland Security Grant Program</u>
<u>20.205</u>	<u>U.S. Department of Transportation – Highway Planning and Construction</u>

Dollar threshold used to distinguish between type A and type B programs: \$673,751

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 21, 2012 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, 2012**

<b>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing And Urban Development Direct Programs</b>			
Community Development Block Grant - Entitlement Cluster	14.218		\$2,540,468
Program Expenditures			
Subrecipients:			
Bill Wilson Center			21,290
EHC Lifebuilders			4,719
Family & Children Services			18,728
May View Community Health Center			16,376
Outreach & Escort Inc			28,658
Sunnyvale Community Services Inc			75,000
YWCA of Silicon Valley			17,195
Subtotal Community Development Block Grant - Entitlement Cluster			<u>2,722,434</u>
HOME Investment Partnerships Program	14.239		
Program Expenditures			281,675
Subrecipients:			
Housing Authority of the County of Santa Clara			<u>59,281</u>
Subtotal HOME Investment Partnerships Program			<u>340,956</u>
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257		<u>246</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>3,063,636</u></b>
<b>U.S. Department of Transportation Pass- Through Programs from:</b>			
State of California Department of Transportation			
Highway Planning and Construction	20.205		
ARRA - Homestead Road Resurfacing		ESPL-5213 (034)	10,112
ARRA - Sunnyvale Ave Resurfacing		ESPL-5213 (033)	12
Fair Oaks Avenue Over Caltrain		BHLS-5213(039)	15,878
Mtn View-Alviso Road Over Calabazas Creek		BRLS-5213 (040)	6,438
Tasman/Fair Oaks Streetscape Enhancements		RPSTPLE-5213(029)	27,351
Mathilda Avenue Railroad Overpass Improvement		BRLS-5213 (018)	7,697,628
Bernardo Ave/Remington Drive Intersection		HSIPL-5213(045)	22,483
Downtown Streetscape Improvements		RPSTPLE-5213(042)	1,483,370
Citywide School Pedestrian Safety Improvement		SRTSL-5213 (027)	46,395
Federal Safe Routes to School		SRTSL-5213(044)	730
Subtotal Highway Planning and Construction Program			<u>9,310,397</u>
State of California Office of Traffic Safety and County of Santa Clara County Sherriff's Office			
State and Community Highway Safety Program	20.600		
Avoid the 13		Not Available	11,294
State of California Office of Traffic Safety and U.C. Berkeley Safe Transportation and Education Center			
State and Community Highway Safety Program	20.600		
Sobriety Checkpoint Minigrant		SC11422	1,830
Sobriety Checkpoint Minigrant		SC12422	12,246
Subtotal State and Community Highway Safety Program	20.600		<u>25,370</u>
<b>Total U.S. Department of Transportation</b>			<b><u>9,335,767</u></b>

(continued)

**CITY OF SUNNYVALE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2012**

<b>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Homeland Security Pass-Through Programs From:</b>			
State of California Office of Emergency Services and Santa Clara County Office of Emergency Services Emergency Management Performance Grant	97.042	2011-0048	30,830
Homeland Security Grant Program	97.067	2011-SS77	<u>501,534</u>
<b>Total U.S. Department of Homeland Security</b>			<u><b>532,364</b></u>
<b>U.S. Department of Justice Direct Programs</b>			
Asset Forfeiture	16.922		131,164
Bulletproof Vest Partnership Program	16.607		<u>11,644</u>
<b>Total U.S. Department of Justice</b>			<u><b>142,808</b></u>
<b>U.S. Department of Health and Human Services Centers for Disease Control and Prevention Pass-Through Programs From:</b>			
County of Santa Clara ARRA - Prevention and Wellness-Communities Putting Prevention to Work	93.724	1U58DP002545-01	<u>70,864</u>
<b>Total U.S. Department of Health and Human Services</b>			<u><b>70,864</b></u>
<b>U.S. Department of Treasury Direct Program:</b>			
Asset Forfeiture	21.000		<u>4,187</u>
<b>Total U.S. Department of Treasury</b>			<u><b>4,187</b></u>
<b>U.S. Department of Defense Direct Program</b>			
Community Economic Adjustment Planning Assistance Grants	12.607		<u>123,889</u>
<b>Total U.S. Department of Defense</b>			<u><b>123,889</b></u>
<b>National Endowment for the Humanities Pass-Through Programs From:</b>			
California Council for the Humanities Promotion of the Humanities - Federal/State Partnership	45.129	CAR11-50	<u>3,975</u>
<b>Total National Endowment for the Humanities</b>			<u><b>3,975</b></u>
<b>Institute of Museum and Library Services Pass-Through Programs From:</b>			
California State Library State Library Program, Grants to States	45.310		
California's Family Place Library Program - Implementation		40-7718	1,891
Lawyers in the Library		40-8032	2,247
Students Projects Using Microsoft Surface		40-7985	<u>20,050</u>
<b>Total Institute of Museum and Library Services</b>			<u><b>24,188</b></u>
<b>U.S. Department of Energy Direct Programs</b>			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECE)	81.128		<u>954,716</u>
<b>Total U.S. Department of Energy</b>			<u><b>954,716</b></u>

(continued)

**CITY OF SUNNYVALE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2012**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
<b>U.S. Department of Labor Direct Programs</b>			
Homeless Veterans Reintegration Project	17.805		11,918
HVRP Supplemental Program Expenditures			
Subrecipients:			
Vietnam Veterans of California			<u>44,796</u>
Subtotal U.S. Department of Labor Direct Programs	17.805		<u>56,714</u>
<b>U.S. Department of Labor Pass-Through Programs From:</b>			
State of California Employment Development Department Wagner-Peysner - Green Innovation Challenge	17.207	K078480	101,518
State of California Employment Development Department WIA Cluster			
WIA Adult Program	17.258		
WIA Adult Program		K282490	711,101
WIA Adult Program - CDCR New Start		K178675	98,842
WIA Adult Program		K178675	178,390
WIA Adult Program - Green Innovation Challenge		K074156	189,967
WIA Adult Program - VETS Program Expenditures		K178675	120,552
Subrecipients:			
Vietnam Veterans of California			<u>50,000</u>
WIA Adult Program Subtotal			<u>1,348,852</u>
WIA Youth Activities	17.259		
WIA Youth Activities		K178675	243,995
WIA Youth Activities		K282490	<u>721,370</u>
WIA Youth Activities Program Subtotal			<u>965,365</u>
WIA Dislocated Workers	17.278		
WIA Dislocated Workers		K178675	588,992
WIA Dislocated Workers		K282490	1,014,956
WIA Dislocated Workers - NEG OJT		K282490	52,375
WIA Dislocated Workers - Rapid Response		K178675	222,687
WIA Dislocated Workers - Rapid Response		K282490	732,620
WIA Dislocated Workers - Rapid Response AAG		K282490	526,376
WIA Dislocated Workers - STAR XXI		K178675	1,254,203
WIA Dislocated Workers - STAR XXI		K074156	<u>1,337,318</u>
WIA Dislocated Workers Subtotal			<u>5,729,527</u>
Total WIA Cluster			<u>8,043,744</u>
Subtotal U.S. Department of Labor Pass-Through Programs			<u>8,145,262</u>
<b>Total U.S Department of Labor</b>			<u><b>8,201,976</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$22,458,370</b></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

This Page Left Intentionally Blank

**CITY OF SUNNYVALE**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended June 30, 2012**

**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.

This Page Left Intentionally Blank

**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, 2012, and have issued our report thereon dated November 21, 2012. 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 21, 2012 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 21, 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**

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, 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 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'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.

*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, the aggregate discretely presented component units, 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 November 21, 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, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 other 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements 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 21, 2012