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CITY OF BRAWLEY

SINGLE AUDIT REPORT

For the Fiscal Year Ended June 30, 2009

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City of Brawley

Single Audit Report
For the Fiscal Year Ended June 30, 2009
TABLE OF CONTENTS

	Page
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*	1
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	8
Status of Prior Year Findings	11

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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
of the City of Brawley
Brawley, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Brawley (City), as of and for the fiscal year ended June 30, 2009 which collectively comprise the City of Brawley's basic financial statements, and have issued our report thereon dated March 30, 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.

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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

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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*.

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.

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
March 30, 2010

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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
of the City of Brawley
Brawley, California

Compliance

We have audited the compliance of the City of Brawley (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2009. The City of Brawley's major federal program is identified in the summary of the auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Brawley's management. Our responsibility is to express an opinion on the City of Brawley'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 Brawley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstance. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Brawley's compliance with those requirements.

In our opinion, the City of Brawley complied in all material respects with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2009.

Internal Control over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

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A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Brawley as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated March 30, 2010. Our audit was performed for the purpose of forming 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 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.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
March 30, 2010

City of Brawley

Single Audit Report
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity ID Number	Federal Expenditures
U.S. Department of Transportation:			
Passed through California Department of Transportation:			
Highway Planning and Construction- CNG Fast Fill Station	20.205	CML-5167 (019)	$ 175,733
Highway Planning and Construction- Safe Routes to School	20.205	SR2SF-5167 (021)	58,100
State and Community Highway Safety- Selective Traffic Enforcement Program	20.600	OTS/PT0724	18,031
Total U.S. Department of Transportation			251,864
U.S. Department of Homeland Security:			
Passed through California Department of Homeland Security			
State Homeland Security Program (SHSP)			
Fire-Interoperable Communications Equipment	97.073	OES ID# 027-0000	5,843
Law Enforcement Terrorism Prevention Program (LETPP)			
Police- Personal Protective Equipment	97.074	OES ID# 027-0000	9,495
Total U.S. Department of Homeland Security			15,338
U.S. Department of Housing and Urban Development:			
Passed through California Department of Housing and Community Development:			
Community Development Block Grant	14.228	06-STBG-2805	889,716
Community Development Block Grant	14.228	04-STBG-1952	147,821
Community Development Block Grant	14.228	05-EDBG-1974	23,182
Total U.S. Department of Housing and Urban Development			1,060,719
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,327,921

See accompanying notes to schedule of expenditures of federal awards.

1. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, City of Brawley (City), and (b) component units which include organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units of the City are:

- Brawley Community Development Agency
- Brawley Public Improvement Corporation

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Funds received under the various grant programs have been recorded within special revenue and capital project funds of the City. The City utilizes the modified accrual method of accounting for the special revenue and capital project funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California are also included in the Schedule.

The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

3. PROGRAM DESCRIPTIONS

U. S. Department of Transportation

Highway Planning and Construction

The objective of the Highway Planning and Construction program is to assist State transportation agencies in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing and rehabilitating the National Highway System (NHS), including the Eisenhower Interstate System; and for transportation improvements to most other public roads; to provide aid for the repair of Federal-aid highways following disasters; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges; and to provide for other special purposes.

3. PROGRAM DESCRIPTIONS (Continued)

U. S. Department of Transportation (Continued)

State and Community Highway Safety

Objective of State and Community Highway Safety program is to provide a coordinated national highway safety program to reduce traffic crashes, deaths, injuries, and property damage.

U. S. Department of Homeland Security

State Homeland Security Program (SHSP)

The objective of State Homeland Security is to build capabilities to prevent, deter, respond to, and recover from incidents of terrorism at the State and local levels through planning, equipment, training, and exercise activities and support the implementation of State homeland security strategies and key elements of the national preparedness architecture, including the National Preparedness Goal, the National Incident Management System and the National Response Plan.

Law Enforcement Terrorism Prevention Program (LETPP)

The Law Enforcement Terrorism Prevention Program (LETPP) seeks to provide law enforcement communities with enhanced capabilities for detecting, deterring, disrupting, and preventing acts of terrorism. LETPP is focusing on providing resources to law enforcement and public safety communities (working with their private partners) to support critical terrorism prevention activities such as establishing/enhancing fusion centers and collaborating with non-law enforcement partners, other government agencies, and the private sector.

U. S. Department of Housing and Urban Development

Community Development Block Grant (CDBG)

The Community Development Block Grant (CDBG) Program was authorized under Title I of the Housing and Community Development Act of 1974. The primary objective of this program is the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low- and moderate-income. Each activity funded must meet one of the program's National Objectives by: Benefiting low- and moderate-income families; aiding in the prevention or elimination of slums or blight; or meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available.

CITY OF BRAWLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 not considered to be material weaknesses?	_____ Yes	X	None reported
Noncompliance material to financial statements noted?	_____ Yes	X	No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	X	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	X	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 Circular A-133, Section 510 (a)	_____ Yes	X	No

Identification of major program:

CFDA Number	**Name of Federal Program or Cluster**
14.228	Community Development Block Grant (CDBG)

Dollar threshold used to distinguish between Type A and Type B programs:	**$ 300,000**		
Auditee qualified as low-risk auditee:	X Yes	_____	No

CITY OF BRAWLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Section II – Findings – Financial Statement Audit

None Reported

CITY OF BRAWLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Section III – Findings and Questioned Costs – Major Federal Award Program Audit

None reported

CITY OF BRAWLEY

STATUS OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Section IV – Prior year findings – Financial Statement Audit

None Reported

CITY OF BRAWLEY

STATUS OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Section V – Prior year findings – Major Federal Award Program Audit

None reported