

CITY OF SAN BRUNO, CALIFORNIA
INDEPENDENT AUDITOR'S REPORT
MEASURE A COMPLIANCE
Fiscal Year Ended June 30, 2011 and 2010



Independent Auditor's Report on Measure A Compliance

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

We have audited the accompanying Statement of Revenues and Expenditures and changes in Fund Balance (the Statement) that was administered by the City of San Bruno ("City") for the Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purposes between the City and the San Mateo County Transportation Authority dated August 18, 1989 (the Agreement) for the year ended June 30, 2011 and have issued our report thereon December 22, 2011. 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 of America. The Statement for the year ended June 30, 2010, was audited by other auditors whose report, dated December 15, 2010, expressed an unqualified opinion on this statement. The comparative data for the fiscal year ended June 30, 2010, presented as additional analytical data, is derived from the audited financial statement for the year ended June 30, 2010.

The accompanying Statement was prepared for the purpose of complying with the audit requirements of the Agreement and is not intended to be a complete presentation of the City of San Bruno's results of operations.

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 opinion 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all the deficiencies in the internal control 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 with Laws, Regulations and Other Matters

Compliance with applicable laws, regulations, and grant agreement terms and conditions is the responsibility of the City's management. As part of obtaining reasonable assurance about whether the Statement is free of material misstatement, we performed tests of the City's compliance with certain provisions of applicable laws, regulations, and grant agreement terms and conditions, noncompliance with which could have a direct and material effect on the determination of amounts contained in the Statement. However, providing an opinion on compliance with those provisions is not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests of compliance 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 of the City Council and management of the City of San Bruno and officials of the San Mateo County Transportation Authority and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Vavrinck, Trine, Day & Co. LLP

Palo Alto, California
December 22, 2011

CITY OF SAN BRUNO

**MEASURE A TRANSPORTATION FUND
STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

| | <u>2011</u> | <u>2010</u> |
|--------------------------------------|-------------------|--------------------|
| Revenues: | | |
| Measure A receipts | \$ 717,285 | \$ 654,512 |
| Investment income (loss) | <u>3,985</u> | <u>7,584</u> |
| Total revenues | 721,270 | 662,096 |
| Transfers Out - Program expenditures | <u>(637,010)</u> | <u>(1,058,875)</u> |
| Revenues over (under) expenditures | 84,260 | (396,779) |
| Fund Balance - Beginning of year | <u>240,777</u> | <u>637,556</u> |
| Fund Balance - End of year | <u>\$ 325,037</u> | <u>\$ 240,777</u> |

CITY OF SAN BRUNO

MEASURE A TRANSPORTATION FUND NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Measure A fund (Measure A Fund) of the City of San Bruno conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

Financial Reporting Entity

The financial statements include the revenues and expenditures of the Measure A Fund only. The Measure A Fund was established to account for the Measure A revenues and expenditures. This financial statement is not intended to present the financial position and results of operations of the City of San Bruno as a whole, in conformity with accounting principles generally accepted in the United States of America.

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. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The Statement of Revenues, Expenditures and Changes in Fund Balance of the Measure A Fund is accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred.

NOTE 2 – INTERFUND TRANSFERS

The Measure A fund transferred \$637,010 to capital project funds of the City of San Bruno to be expended on transportation related programs. Of this amount \$443,590 was expended in the current year and \$193,420 was carried forward to be expended in the next fiscal year.