

CITY OF SAN BRUNO, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT

MEASURE A COMPLIANCE

Fiscal Years Ended June 30, 2012 and 2011

**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 years ended June 30, 2012 and June 30, 2011, which collectively comprise the City of San Bruno's basic financial statements and have issued our reports thereon dated December 28, 2012 and December 22, 2011, respectively. 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*.

Schedule of Revenues, Expenditures and Changes in Fund Balance of Measure A

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 years ended June 30, 2012 and June 30, 2011 and have issued our reports dated December 28, 2012 and December 22, 2011, respectively. Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Bruno's basic financial statements. The accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance of Measure A, as required by the agreement between the City of San Bruno and the San Mateo County Transportation Authority dated August 19, 1989 is presented for purposes of additional analysis 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 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
December 28, 2012

CITY OF SAN BRUNO

**MEASURE A TRANSPORTATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE OF MEASURE A
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Measure A receipts	\$ 780,563	\$ 717,285
Investment income (loss)	8,396	3,985
Total revenues	<u>788,959</u>	<u>721,270</u>
Professional services	(4,000)	-
Transfers Out - Program expenditures	<u>-</u>	<u>(637,010)</u>
Revenues over (under) expenditures	784,959	84,260
Fund Balance - Beginning of year	<u>325,037</u>	<u>240,777</u>
Fund Balance - End of year	<u><u>\$ 1,109,996</u></u>	<u><u>\$ 325,037</u></u>

CITY OF SAN BRUNO

NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE OF MEASURE A FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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.

Scope of Presentation

The accompanying schedule presents only the revenues, expenditures and fund balances of the Measure A Fund of the City of San Bruno that represent funds received according to the agreement between the City of San Bruno and San Mateo County Transportation Authority for Local Transportation Purposes dated August 18, 1989.

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 Schedule 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 \$0 during the fiscal year ended June 30, 2012. For the fiscal year ended June 30, 2011 the Measure A fund transferred \$637,010 to capital project funds of the City of San Bruno to be expended on transportation related programs.