



(For Board Meeting of November 20, 2009)

**SUMMARY OF RECOMMENDATIONS**  
**MEETING OF THE FINANCE-AUDITING COMMITTEE/**  
**COMMITTEE OF THE WHOLE**  
**THURSDAY, NOVEMBER 19, 2009**  
**(CHAIR J. DIETRICH STROEH)**

**Item No. 1**

Receive the Independent Auditors' Report for the year ending June 30, 2009, as submitted by Vavrinek, Trine, Day and Co., LLP, and all other component parts, as outlined in the staff report.

**Action by the Board – Resolution**



Agenda Item No. 4

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of November 19, 2009

From: Joseph M. Wire, Auditor-Controller  
Celia G. Kupersmith, General Manager

Subject: **RECEIVE THE INDEPENDENT AUDITORS' REPORTS FOR THE YEAR  
ENDING JUNE 30, 2009, AS SUBMITTED BY VAVRINEK, TRINE, DAY  
& CO., LLP, FOR THE FOLLOWING:**

- a. **THE COMPREHENSIVE ANNUAL FINANCIAL REPORT  
(CAFR), INCLUDING THE SINGLE AUDIT REPORT;**
- b. **THE FINANCIAL STATEMENTS OF THE SUPPLEMENTAL  
RETIREMENT PLAN AND TRUST;**
- c. **THE AGREED-UPON PROCEDURES PERTAINING TO THE  
PROCEEDS OF THE PUBLIC TRANSPORTATION  
MODERNIZATION, IMPROVEMENT AND SERVICE  
ENHANCEMENT ACCOUNT GRANT; AND,**
- d. **THE INDEPENDENT AUDITORS' COMMUNICATION LETTER**

**Recommendation**

The Finance-Auditing Committee recommends that the Board of Directors receive the Independent Auditors' Reports for the year ending June 30, 2009, as submitted by Vavrinek, Trine, Day & Co., LLP, for the following:

- a. The Comprehensive Annual Financial Report (CAFR), including the Single Audit Report;
- b. The Financial Statements of the Supplemental Retirement Plan and Trust;
- c. The Compliance Report for agreed-upon procedures pertaining to the proceeds of the public transportation, modernization, improvement and service enhancement account grant; and,
- d. The Independent Auditors' Communication Letter regarding matters related to the audit.

**Summary**

The financial reports are attached hereto, and include the following:

- A. Comprehensive Annual Financial Report:
  - 1. Introductory Section
  - 2. Financial Section, including:
    - a. Independent Auditors' Report
    - b. Management's Discussion and Analysis
    - c. Financial Statements
    - d. Required and Other Supplementary Information
  - 3. Statistical Section
  - 4. Single Audit Section
  
- B. Financial Statements of the Supplemental Retirement Plan and Trust, including:
  - 1. Independent Auditors' Report
  - 2. Management's Discussion and Analysis
  - 3. Financial Statements

Representatives of Vavrinek, Trine, Day & Co., LLP (VTD) will be in attendance at the meeting to present the financial reports. This is the second year that VTD has conducted an audit of the District's financial records. The firm has extensive audit experience in the public sector, including financial audits of SamTrans and VTA. The Auditors' opinion given is an unqualified opinion on the District's financial statements.

In accordance with Statement of Auditing Standards No. 114 (*The Auditor's Communication with Those Charged with Governance*), the independent auditors are required to communicate significant findings and issues related to an audit. In particular, the communication will cover such topics as the auditor's responsibilities under generally accepted auditing standards, an overview of the planned scope and timing of the audit, and significant findings from the audit. No findings were uncovered as a result of the audit.

As a recipient of PTMISEA grant proceeds, the District, in its role as a project sponsor, is required to undergo an independent audit that includes verification of receipts and appropriate expenditures. The PTMISEA grant is one of the programs included in Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act, passed by voters in November, 2006. Its purpose is to help advance important goals and policies, including protecting the environment and public health, conserving energy, reducing congestion and providing alternative mobility access choices for Californians. No findings were uncovered as a result of the audit.

**Fiscal Impact**

There is no fiscal impact associated with this information report.

- Attachment No. 1     The Comprehensive Annual Financial Report (CAFR), including the Single Audit Report (Electronic version not available at this time, however if you wish to receive a copy, please contact the office of the District Secretary.)
- Attachment No. 2     Upon Request
- Attachment No. 3     The Compliance Report for agreed-upon procedures pertaining to the proceeds of the public transportation, modernization, improvement and service enhancement account grant
- Attachment No. 4     The Independent Auditors' Communication Letter regarding matters related to the audit



## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors  
Golden Gate Bridge, Highway & Transportation District  
San Francisco, California

We have performed the agreed-upon procedures, which were agreed to by the management of the Golden Gate Bridge, Highway & Transportation District (the District) to review revenues and expenditures of the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Grant (the grant), for the year ended June 30, 2009, for the purpose of verifying if the use of Grant proceeds is within the scope of the grant agreements specifying the intended use of PTMISEA proceeds. We used the grant agreements as guidance for the intended use of the grant proceeds. Management of the District is responsible for the compliance with the grant requirements. This engagement to perform agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### **Financial Summary**

1. The Grant is part of a comprehensive voter-approved transportation bond investment package designed to help advance important goals and policies, including protecting the environment and public health, conserving energy, reducing congestion, and providing alternative mobility and access choices for Californians. The projects approved by the Department of Transportation in fiscal year 2008 and 2009 included building a data center, ferry vessel replacement, purchase thirteen 45' buses, body shop roof and skylights replacement, purchase two 18-passenger shuttle vehicles, and asset management and vehicle fluid management system.

2. Proceeds available for expenditures are as follows:

Prior year available proceed	\$5,554,814
Additional grant received	-
Interest earned	<u>29,404</u>
Total revenues	5,584,218
Total expenditures	<u>(3,214,404)</u>
Total proceeds available	<u><u>\$ 2,369,814</u></u>

**Agreed Upon Procedures Performed**

1. Verify that the expenditures of the Grant were accounted for as a separate fund in the accounting records of the District.
2. Verify that the net revenues received from the Grant were deposited in total into the District's designated PTMISEA resource account.
3. Select 50% of expenditures of each project verify that the funds were spent in accordance with the scope of approved projects.

**Results of Procedures**

1. The Grant expenditures were accounted for separately in fund 11130 Prop 1B - PTMISEA.
2. All Grant proceeds as well as related interest revenues have been properly accounted for separately in the PTMISEA resource account.
3. There were \$3,214,404 million of expenditures in the current year. We tested 88% of the total expenditures, and confirmed that they are appropriate and within the scope of the approved projects.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the information and use of the Board of Directors and is not intended to be and should not be used by anyone other than those specified parties.

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
October 30, 2009



October 30, 2009

The Board of Directors of the  
Golden Gate Bridge,  
Highway & Transportation District  
San Francisco, California

We have audited the basic financial statements of the Golden Gate Bridge, Highway & Transportation District (the "District") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 31, 2009. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 4, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during ended June 30, 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 30, 2009.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
October 30, 2009