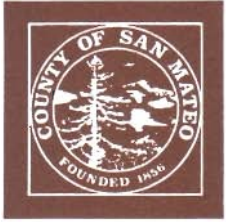


**San Mateo County Half-Cent
Transportation Fund**

**Audit of Compliance with the
*Agreement for Distribution of San Mateo County
Measure A Funds for Local Transportation Purposes***

For the Year Ended June 30, 2006

Office of Controller



TOM HUENING
CONTROLLER

COUNTY OF SAN MATEO

555 COUNTY CENTER, 4TH FLOOR • REDWOOD CITY • CALIFORNIA 94063

ROBERT G. ADLER
ASSISTANT CONTROLLER

KANCHAN K. GHARAN
DEPUTY CONTROLLER

TELEPHONE: (650) 363-4777

FAX: (650) 363-7888

www.co.sanmateo.ca.us/controller/

Independent Accountant's Report

Board of Directors
San Mateo County Transportation Authority
Redwood City, California 94063

We have examined management's assertion, included in the accompanying Management's Report on Compliance with the Agreement, about the County of San Mateo's compliance with the requirements of the *Agreement For Distribution Of San Mateo County Measure A Funds For Local Transportation Purposes* (the Agreement) between the County and the San Mateo County Transportation Authority dated August 18, 1989, during the year ended June 30, 2006. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence supporting the County's compliance with those requirements and performing such other procedures as considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the County's compliance with specified requirements.

In our opinion, management's assertion that the County complied with the aforementioned requirements for the fiscal year ended June 30, 2006, is fairly stated, in all material respects.

This report is intended solely for the information of the San Mateo County Transportation Authority Board and management. However, this report is a matter of public record and its distribution is not limited.

County of San Mateo Controller

Redwood City, California
January 30, 2007

San Mateo County Half-Cent Transportation Fund

Schedule of Receipts and Disbursements For the Fiscal Year Ended June 30, 2006

Receipts:

Sales Tax	\$1,102,104
Management Services (C/CAG)	525,419
Federal Aid	118,511
Interest Income	68,570
Total Receipts	<u>\$1,814,604</u>

Disbursements:

Congestion Management	743,782
Transit Subsidy	699,479
SMCGH - Patient Transport	348,244
Nevin Way (B Street)	334,456
Transportation System Management Program Admin	278,743
HSA/Probation Client Transportation	248,145
Fair Oaks School Area Traffic Safety	133,369
Peninsula Policy Partnership	107,889
School Crossing Guards	86,329
Transportation Lobbyist	21,578
Maintenance of Roads in Sensitive Areas	7,707
Alameda De La Pulgas Streetscape (Ashton-Harkins)	7,141
El Camino Real (D.C.) Underground Utility Dist Study	7,040
Mirada Road Pedestrian Bridge	5,642
Middlefield Underground Utility Phase 2	576
Daly City/Colma Underground	264
Total Disbursements	<u>\$3,030,384</u>

Excess of Disbursements Over Receipts (\$1,215,780)



COUNTY OF SAN MATEO

555 COUNTY CENTER, 5TH FLOOR • REDWOOD CITY • CALIFORNIA 94063-1665 • PHONE (650) 363-4100 • FAX (650) 361-8220

BOARD OF SUPERVISORS
MARK CHURCH
RICHARD S. GORDON
JERRY HILL
ROSE JACOBS GIBSON
ADRIENNE TISSIER

NEIL R. CULLEN
DIRECTOR

January 30, 2007

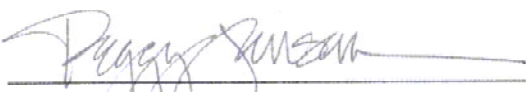
San Mateo County Transportation Authority
120 San Carlos Avenue
San Carlos, CA 94070


Management's Report on Compliance with the Agreement For Distribution Of San Mateo County Measure A Funds For Local Transportation Purposes

The County of San Mateo (the County) is responsible for complying with the *Agreement For Distribution Of San Mateo County Measure A Funds For Local Transportation Purposes* (the Agreement) between the County of San Mateo and the San Mateo County Transportation Authority entered into on August 18, 1989. The Agreement states that in return for receiving an annual allocation of a specified portion of the retail transactions and use tax approved by *Measure A - San Mateo County Transportation Expenditure Plan* (the Measure), the County, in the use of these funds, shall "refrain from substituting funds provided to it pursuant to this Agreement for property tax funds which are currently being used to fund existing local transportation programs and limit the use of said funds to the improvement of local transportation, including streets and roads improvements."

With respect to compliance with the Agreement, management attests to the following for the year ended June 30, 2006:

- Management is responsible for establishing and maintaining an effective internal control structure with respect to compliance with the Agreement;
- Management is responsible for complying with the Agreement;
- Management has evaluated the County's compliance with the requirements of the Agreement;
- All Transactions, as summarized in the attached Schedule of Receipts and Disbursements for the Fiscal Year Ended June 30, 2006, are in compliance with the Agreement.


Peggy Jensen
Deputy County Manager


Brian C. Lee, P.E.
Acting Director of Public Works