

# **CITY OF SAN GABRIEL**

Audit Report

## **SPECIAL GAS TAX STREET IMPROVEMENT FUND AND TRAFFIC CONGESTION RELIEF FUND**

*July 1, 2005, through June 30, 2006*



**JOHN CHIANG**  
California State Controller

*August 2007*



**JOHN CHIANG**  
**California State Controller**

August 29, 2007

Tom Maiston  
Finance Director  
City of San Gabriel  
425 South Mission Drive  
San Gabriel, CA 91778

Dear Mr. Maiston:

The State Controller's Office audited the City of San Gabriel's Special Gas Tax Street Improvement Fund for the period of July 1, 2005, through June 30, 2006. We also audited the Traffic Congestion Relief Fund for the period of July 1, 2000, through June 30, 2006.

Our audit disclosed that the city accounted for and expended its Special Gas Tax Street Improvement Fund and Traffic Congestion Relief Fund in compliance with requirements, and no adjustments to the funds are required.

If you have any questions, please contact Steven Mar, Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

*Original signed by*

**JEFFREY V. BROWNFIELD**  
Chief, Division of Audits

JVB/jj:smr

# Contents

## Audit Report

<b>Summary</b> .....	1
<b>Background</b> .....	1
<b>Objective, Scope, and Methodology</b> .....	1
<b>Conclusion</b> .....	2
<b>Follow-Up on Prior Audit Findings</b> .....	2
<b>Views of Responsible Official</b> .....	2
<b>Restricted Use</b> .....	2
<b>Schedule 1—Reconciliation of Fund Balance</b> .....	3

# Audit Report

## Summary

The State Controller's Office (SCO) audited the City of San Gabriel's Special Gas Tax Street Improvement Fund for the period of July 1, 2005, through June 30, 2006. We also audited the Traffic Congestion Relief Fund for the period of July 1, 2000, through June 30, 2006. The last day of fieldwork was March 20, 2007.

Our audit disclosed that the city accounted for and expended its Special Gas Tax Street Improvement Fund and Traffic Congestion Relief Fund in compliance with requirements, and that no adjustments to the funds are required.

## Background

The State apportions funds monthly from the highway users tax account in the transportation tax fund to cities and counties for the construction, maintenance, and operation of local streets and roads. The highway users taxes derive from state taxes on the sale of motor vehicle fuels. In accordance with Streets and Highways Code section 2101 and Article XIX of the California Constitution, a city must deposit all apportionments of highway users taxes in its Special Gas Tax Street Improvement Fund. A city must expend gas tax funds only for street-related purposes. We conducted our audit of the city's Special Gas Tax Street Improvement Fund under the authority of Government Code section 12410.

Chapter 91, Statutes of 2000 (Assembly Bill 2928), as amended by Chapter 656, Statutes of 2000 (Senate Bill 1662), established a Traffic Congestion Relief Fund in the State Treasury for allocating funds quarterly to cities and counties for street or road maintenance, reconstruction, and storm damage repair. Cities must deposit funds received into the city account designated for the receipt of state funds allocated for transportation purposes. The city recorded its Traffic Congestion Relief Fund allocations in the Traffic Congestion Relief Fund. We conducted our audit of the city's Traffic Congestion Relief Fund under the authority of Streets and Highways Code sections 2182 and 2182.1.

## Objective, Scope, and Methodology

Our audit objective was to determine whether the city accounted for and expended the Special Gas Tax Street Improvement Fund and the Traffic Congestion Relief Fund in compliance with Article XIX of the California Constitution and the Streets and Highways Code. To meet the audit objective, we determined whether the city:

- Properly deposited highway users tax apportionments and other appropriate revenues in the Special Gas Tax Street Improvement Fund;
- Properly deposited Traffic Congestion Relief Fund allocations into an account designated for the receipt of state funds allocated for transportation purposes;

- Expended funds exclusively for authorized street-related purposes; and
- Made available unexpended funds for future expenditures.

We conducted our audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the city's financial statements. We limited our audit scope to planning and performing the audit procedures necessary to obtain reasonable assurance that the city accounted for and expended the Special Gas Tax Street Improvement Fund and the Traffic Congestion Relief Fund in accordance with the requirements of the Streets and Highways Code. Accordingly, we examined transactions, on a test basis, to determine whether the city expended funds for street purposes. We considered the city's internal controls only to the extent necessary to plan the audit.

## **Conclusion**

Our audit disclosed that the city accounted for and expended its Special Gas Tax Street Improvement Fund in compliance with Article XIX of the California Constitution and the Streets and Highways Code for the period of July 1, 2005, through June 30, 2006.

Our audit also disclosed that the city accounted for and expended its Traffic Congestion Relief Fund allocations in compliance with Article XIX of the California Constitution and Street and Highways Code for the period of July 1, 2000, through June 30, 2006.

## **Follow-Up on Prior Audit Findings**

The city satisfactorily resolved the findings noted in our prior audit report, issued on April 18, 1995.

## **Views of Responsible Official**

We discussed the audit results with city representatives during an exit conference on March 20, 2007. Tom Maiston, Finance Director, agreed with the audit results. Mr. Maiston further agreed that a draft audit report was not necessary and that the audit report could be issued as final.

## **Restricted Use**

This report is intended for the information and use of city management and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

**Schedule 1—  
Reconciliation of Fund Balance  
July 1, 2005, through June 30, 2006**

	Special Gas Tax Street Improvement Fund <sup>1</sup>	Traffic Congestion Relief Fund <sup>2</sup>
Beginning fund balance per city	\$ (31,296)	\$ —
Revenues	<u>1,013,950</u>	<u>189,214</u>
Total funds available	982,654	189,214
Expenditures	<u>(609,325)</u>	<u>(189,214)</u>
Ending fund balance per city	373,329	—
Timing adjustment:		
Accrual of June 2006 highway users tax apportionment (Governmental Accounting Standards Board Statement No. 34)	<u>72,750</u>	<u>—</u>
Ending fund balance per audit	<u><u>\$ 446,079</u></u>	<u><u>\$ —</u></u>

<sup>1</sup> The city receives apportionments from the state highway users tax account, pursuant to Streets and Highways Code sections 2105, 2106, 2107, and 2107.5. The basis of the apportionments for Sections 2105, 2106, and 2107 varies, but the money may be used for any street purpose. Streets and Highways Code section 2107.5 restricts apportionments to administration and engineering expenditures, except for cities with populations of fewer than 10,000 inhabitants. Those cities may use the funds for rights-of-way and for the construction of street systems.

<sup>2</sup> Chapter 91, Statutes of 2000 (Assembly Bill 2928), as amended by Chapter 656, Statutes of 2000 (Senate Bill 1662), established the State Traffic Congestion Relief Fund, which allocates funds to cities and counties for street or road maintenance and reconstruction.

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