

**CALTRANS**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the State of California, Department of Transportation (Caltrans), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. Caltrans' management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with Caltrans management, *TransNet* revenues and expenditures are not recorded in a separate fund, but are part of the State Transportation Fund set of accounts of Caltrans. Within the Caltrans State Transportation Fund set of accounts, separate subaccounts are maintained for *TransNet* by expenditure authorization and contributor number. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6 if submitted to SANDAG for concurrence. SANDAG has accepted Caltrans' alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: We identified the following variance between the *TransNet* revenues recorded by Caltrans in comparison to the SANDAG *TransNet* payment schedule.

<i>TransNet</i> payments made by SANDAG	\$96,207,740
<i>TransNet</i> revenue recorded by Caltrans	<u>80,249,802</u>
Variance	<u>\$15,957,938</u>

The variance was a result of the following:

Paid by SANDAG in 2013 but received by Caltrans in 2014	\$(23,222,162)
Paid by SANDAG in 2014 but received by Caltrans in 2015	<u>39,180,100</u>
Variance	<u>\$15,957,938</u>

- d. We identified the interest income reported for the year ended June 30, 2014.
  - i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.
  - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: In accordance with the Governor's budget, Caltrans has no authority to disburse funds deposited in the State Highway Account, as that money is defined for a special purpose through the legislative process. An absence of such authority means that Caltrans cannot disburse funds and the Department of Finance has no authority to pay interest on advanced deposits. SANDAG has accepted this practice in the past, thus no exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
  - i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.
 

Results: No exceptions were noted as a result of our procedures.
  - ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: Caltrans recorded total *TransNet* expenditures in the amount of \$87,993,996. We selected \$21,998,692 (25.00%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is

included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: Indirect costs are allocated to RTIP projects at a rate of 72.15% of direct labor costs associated with each project. Caltrans' indirect cost plan has been reviewed by the State of California Department of Finance and the Federal Highway Administration. The indirect cost plan is reviewed and updated by Caltrans on an annual basis. The indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that

included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- 7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. Caltrans is not a recipient of an annual apportionment.

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: This procedure is not applicable to Caltrans.

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper or bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for Caltrans.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
- c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: These procedures are not applicable as Caltrans is not subject to MOE requirements.

13. We reviewed transit operator eligibility for receipt of funds.

- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
- b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
- c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained procedure 13.b).

Results: These procedures are not applicable for Caltrans.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.
- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.
- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
  - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.



- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.
- iii. We determined whether all exaction fees have been expended within seven years of collection.
- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.
- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.
- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.
- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.
- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.
- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: The RTCIP is a requirement for local jurisdictions that have newly constructed residential housing units. Therefore, these procedures are not applicable to Caltrans.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for Caltrans.

- 16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: This procedure is not applicable for Caltrans.

- 17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the

ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for Caltrans.

18. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for Caltrans.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on Caltrans' receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**CALTRANS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID/ Project Number	Project Name	Project Status June 30, 2013	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments (f)	Project Status June 30, 2014	Notes
<b>TransNet:</b>								
<b>Highways:</b>								
CAL26	Route 52	\$ 1,206,596	\$ -	\$ -	\$ (1,192,732)	\$ -	\$ 13,864	
CAL31	Route 54/125	565,678	-	-	-	-	565,678	
CAL31	SR-125 8 Lane Freeway	736,198	-	-	1,125,000	-	1,861,198	(a)
	Total CAL 31 Projects	<u>1,301,876</u>	<u>-</u>	<u>-</u>	<u>1,125,000</u>	<u>-</u>	<u>2,426,876</u>	
	Total Highways	<u>2,508,472</u>	<u>-</u>	<u>-</u>	<u>(67,732)</u>	<u>-</u>	<u>2,440,740</u>	
	Total <i>TransNet</i>	<u>\$ 2,508,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (67,732)</u>	<u>\$ -</u>	<u>\$ 2,440,740</u>	

SCHEDULE A

**CALTRANS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID/ Project Number	Project Name	Project Status June 30, 2013	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2014	Notes
<b>TransNet Extension:</b>								
<b>Major Corridor:</b>								
CAL09	I-5 North Coast	\$ (405,151)	\$ 6,450,000	\$ -	\$ (12,515,135)	\$ -	\$ (6,470,286)	(b)
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	(94,737)	1,319,000	-	(338,017)	(4,156,235)	(3,269,989)	(b)(c)
CAL09 C	I-805 HOV / Carroll Canyon DAR	(2,082,371)	4,554,500	-	(6,973,909)	1	(4,501,779)	(b)(f)
CAL18	I-15 Managed Lanes - Middle Segment	(1,317,055)	1,427,000	-	(577,059)	-	(467,114)	(b)
CAL18 A	I-15 Managed Lanes - North Segment	338,983	(96,400)	-	(1,966,573)	(1)	(1,723,991)	(b)(f)
CAL18 B	I-15 Managed Lanes - South Segment	(2,193,118)	5,495,400	-	(3,070,501)	-	231,781	
CAL26	SR 52 Freeway E&F	(1,006,995)	1,293,000	-	3,254,760	-	3,540,765	(a)
CAL29	SR 76 Middle	(831,390)	6,696,340	-	(427,498)	1,679,608	7,117,060	(d)
CAL29 B	SR 76 East	(4,276,788)	11,919,800	-	(10,779,678)	1	(3,136,665)	(b)(f)
CAL38	SR-905 New Freeway	(191,249)	183,900	-	(46,223)	(1)	(53,573)	(b)(f)
CAL67	SR-94 HOV Lanes (I-805 to Downtown)	(273,297)	2,555,000	-	(2,642,765)	(1)	(361,063)	(b)(f)
CAL75	I-5 Genesee	(564,898)	1,258,000	-	(725,562)	(1)	(32,461)	(b)(f)
CAL 77	I-5/8 Connectors	-	-	-	(16,491)	-	(16,491)	(b)
CAL78 B	I-805 North	12,589	556,000	-	(638,863)	-	(70,274)	(b)
CAL78 C	I-805 South	(2,589,661)	30,930,000	-	(37,057,162)	-	(8,716,823)	(b)
CAL114	I-5/56 Interchange	(18,681)	201,000	-	(242,161)	-	(59,842)	(b)
CAL120	Aux / Nordahl	1,690,529	(2,057,000)	-	149,167	-	(217,304)	(b)
CAL277	I-15/ SR-78 HOV Connectors	27,345	94,000	-	(184,183)	-	(62,838)	(b)
CAL278	SR-78 HOV / Managed Lanes	(6,596)	497,000	-	(640,666)	-	(150,262)	(b)
CAL325	SR-125/905/11 Connectors	(58,699)	1,516,000	-	(2,188,671)	-	(731,370)	(b)
SAN04	I-15 FasTrak	(2,978)	7,562	-	(13,008)	-	(8,424)	(b)
SAN 23	Mid-Coast LRT	-	-	-	(158,724)	-	(158,724)	(b)
SAN26	I-15 BRT Stations - North	(15,744)	202,000	-	(218,285)	-	(32,029)	(b)
SAN26 C	I-15 BRT Stations - South	(279,184)	952,000	-	(676,346)	-	(3,530)	(b)
SAN47	I-805 BRT	(120,230)	991,000	-	(1,065,944)	-	(195,174)	(b)
SAN146	805 Imperial BRT Station	(2,575)	6,600	-	(22,809)	-	(18,784)	(b)
1200100	Program Office	44	-	-	-	-	44	
Total Major Corridor		\$ (14,261,907)	\$ 76,951,702	\$ -	\$ (79,782,306)	\$ (2,476,629)	\$ (19,569,140)	

**CALTRANS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID/ Project Number	Project Name	Project Status June 30, 2013	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2014	Notes
<b>Major Corridor Environmental: Mitigation Program (MC EMP):</b>								
CAL 29	SR 76 Middle	-	-	-	(4,520,693)	(1,679,608)	(6,200,301)	(b)(d)
V07	Mitigation Program	(233,724)	3,298,100	-	(2,350,541)	-	713,835	
	Total MC EMP	(233,724)	3,298,100	-	(6,871,234)	(1,679,608)	(5,486,466)	
<b>TransNet Local Program:</b>								
SM47	Aux / Nordahl	800,456	-	-	(800,456)	-	-	(e)
	Total <i>TransNet</i> Local Program	800,456	-	-	(800,456)	-	-	
<b>TransNet BPNS Program:</b>								
SD191/SAN21	SR-15 Bike Path	(952)	-	-	(472,268)	-	(473,220)	(b)
	Total <i>TransNet</i> BPNS Program	(952)	-	-	(472,268)	-	(473,220)	
	Total <i>TransNet</i> Extension	(13,696,127)	80,249,802	-	(87,926,264)	(4,156,237)	(25,528,826)	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ (11,187,655)	\$ 80,249,802	\$ -	\$ (87,993,996)	\$ (4,156,237)	\$ (23,088,086)	

Notes:

- (a) A transfer was made to move expenditures from *TransNet* funds to other funds to balance the budget of each.
- (b) The negative project ending balance will be removed with the next invoice to SANDAG in FY 15.
- (c) An adjustment was made to move expenditures relating to FY 08 from State funds to *TransNet* funds to balance the budget of each.
- (d) CAL 29 is funded with both Major Corridor (MC) and MC Mitigation (EMP MC) funds. On all prior audits, all of the MC and EMP MC expenditures were included in the MC section of the audit. This adjustment of \$1,679,608 moves these expenditures that were incorrectly posted to the CAL 29 MC portion of project in prior years.
- (e) This project will be removed from the FY 15 Schedule A as it is now completed.
- (f) Adjustments are due to rounding.

**SCHEDULE B**

**CALTRANS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2014	Notes
<b>TransNet Extension:</b>							
<b>Major Corridor:</b>							
CAL09	I-5 North Coast	\$ 22,204,478	\$ -	\$ (31,149,764)	\$ 2,475,000	\$ (6,470,286)	
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	18,748,555	-	(17,577,444)	(4,441,100)	(3,269,989)	
CAL09 C	I-805 HOV / Carroll Canyon DAR	15,400,399	-	(22,478,779)	2,576,601	(4,501,779)	
CAL18	I-15 Managed Lanes - Middle Segment	28,430,303	-	(29,309,416)	411,999	(467,114)	
CAL18 A	I-15 Managed Lanes - North Segment	17,994,599	-	(19,718,591)	1	(1,723,991)	
CAL18 B	I-15 Managed Lanes - South Segment	48,184,710	-	(45,634,930)	(2,317,999)	231,781	
CAL26	SR 52 Freeway E&F	63,273,015	-	(48,081,584)	(11,650,666)	3,540,765	
CAL29	SR 76 Middle	27,059,400	-	(38,060,548)	18,118,208	7,117,060	
CAL29 B	SR 76 East	25,526,000	-	(29,262,666)	600,001	(3,136,665)	
CAL38	SR-905 New Freeway	849,000	-	(902,572)	(1)	(53,573)	
CAL67	SR-94 HOV Lanes (I-805 to Downtown)	5,467,000	-	(5,828,062)	(1)	(361,063)	
CAL 75	I-5 Genesee	2,359,000	-	(2,391,461)	-	(32,461)	
CAL 77	I-5/8 Connectors	-	-	(16,491)	-	(16,491)	
CAL78 B	I-805 North	8,411,604	-	(8,481,879)	1	(70,274)	
CAL78 C	I-805 South	55,015,124	-	(68,931,947)	5,200,000	(8,716,823)	
CAL114	I-5/56 Interchange	201,000	-	(260,842)	-	(59,842)	
CAL120	Aux / Nordahl	10,337,000	-	(10,554,304)	-	(217,304)	
CAL277	I-15/ SR-78 HOV Connectors	494,000	-	(556,838)	-	(62,838)	
CAL278	SR-78 HOV / Managed Lanes	897,000	-	(1,047,262)	-	(150,262)	
CAL325	SR-125/905/11 Connectors	1,516,000	-	(2,247,370)	-	(731,370)	
SAN04	I-15 FasTrak	630,571	-	(549,023)	(89,972)	(8,424)	
SAN 23	Mid-Coast LRT	-	-	(158,724)	-	(158,724)	
SAN26	I-15 BRT Stations - North	771,000	-	(808,029)	5,000	(32,029)	
SAN26 C	I-15 BRT Stations - South	2,618,000	-	(2,621,530)	-	(3,530)	
SAN47	I-805 BRT	1,632,423	-	(1,827,597)	-	(195,174)	
SAN146	805 Imperial BRT Station	7,600	-	(26,384)	-	(18,784)	
1200100	Program Office	186,000	-	(221,956)	36,000	44	
	<b>Total Major Corridor</b>	<b>\$ 358,213,781</b>	<b>\$ -</b>	<b>\$ (388,705,993)</b>	<b>\$ 10,923,072</b>	<b>\$ (19,569,140)</b>	

**CALTRANS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2014	Notes
<b>Major Corridor Environmental Mitigation Program (MC EMP):</b>							
CAL 29 V07	SR 76 Middle Mitigation Program	-	-	(4,520,693)	(1,679,608)	(6,200,301)	
		<u>56,068,997</u>	-	<u>(42,814,050)</u>	<u>(12,541,112)</u>	<u>713,835</u>	
	Total MC EMP	<u>56,068,997</u>	-	<u>(47,334,743)</u>	<u>(14,220,720)</u>	<u>(5,486,466)</u>	
<b>TransNet Local Program:</b>							
SM 47	Aux / Nordahl	<u>2,749,033</u>	-	<u>(2,749,033)</u>	-	-	
	Total <i>TransNet</i> Local Program	<u>2,749,033</u>	-	<u>(2,749,033)</u>	-	-	
<b>TransNet BPNS Program:</b>							
SD191/SAN21	SR-15 Bike Path	<u>350,001</u>	-	<u>(823,221)</u>	-	<u>(473,220)</u>	
	Total <i>TransNet</i> BPNS Program	<u>350,001</u>	-	<u>(823,221)</u>	-	<u>(473,220)</u>	
	Subtotal Cumulative <i>TransNet</i> Extension	<u>417,381,812</u>	-	<u>(439,612,990)</u>	<u>(3,297,648)</u>	<u>(25,528,826)</u>	
<b>Completed Projects</b>							
	Major Corridor	37,663,944	-	(38,132,368)	468,424	-	(a)
	<i>TransNet</i> Local Program	<u>344,086</u>	-	<u>(344,086)</u>	-	-	
	Total Completed Projects	<u>38,008,030</u>	-	<u>(38,476,454)</u>	468,424	-	
	Total Cumulative <i>TransNet</i> Extension	<u>\$ 455,389,842</u>	<u>\$ -</u>	<u>\$ (478,089,444)</u>	<u>\$ (2,829,224)</u>	<u>\$ (25,528,826)</u>	

Notes:

(a) In the FY13 AUP, \$1,667 related to CAL92 and \$125,177 related to 001952 for a total of \$126,844 was inadvertently included in the Caltrans adjustments column. These amounts should have been included in project expenditures. The schedule has been updated to reflect these changes.



**CITY OF CARLSBAD, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Carlsbad, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$917,520. We selected \$280,756 (30.60%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.ii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column was explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: This procedure is not applicable as there were no completed projects as of June 30, 2014.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no completed projects as of June 30, 2014.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is not in compliance with the 30% requirement as indicated on the following page.

Fiscal year 2014 apportionment	\$2,602,422
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,602,422
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>780,727</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	784,180
Maintenance fund balance	<u>22,295</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>806,475</u>
Fund balance under (over) apportionment	\$ <u>(25,748)</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$784,180	\$ 8,976,420	\$ 9,760,600
Maintenance	<u>22,295</u>	<u>6,374,359</u>	<u>6,396,654</u>
Totals	<u>\$806,475</u>	<u>\$15,350,779</u>	<u>\$16,157,254</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper and bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not

exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$9,030,038
Less MOE base year requirement	<u>(5,564,996)</u>
Excess MOE for the year ended June 30, 2014	<u>\$3,465,042</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.) does not exceed the increase in the CPI (as obtained in procedure 13.).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.



- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3%

per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: No exceptions were noted as a result of our procedures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on September 2, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for the City.

18. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not; conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**SCHEDULE A**

**CITY OF CARLSBAD, CALIFORNIA**  
*TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief - Pass Through:</b>									
SAN54	N/A	Regional Arterial Management Systems	\$ -	\$ 11,700	\$ -	\$ (11,700)	\$ -	\$ -	
Total Congestion Relief - Pass Through			-	11,700	-	(11,700)	-	-	
<b>Congestion Relief:</b>									
CB04A	39572	ECR Widening - Tamarack to Chestnut	(81,433)	115,000	-	(28,778)	-	4,789	
CB17	60143	Carlsbad Blvd Bridge - Powerplant	1,844	-	-	(2,021)	-	(177)	(a)
CB20	60011	Pavement Management - Overlay	(2,563,236)	1,935,000	-	(156,427)	-	(784,663)	(a)
CB36	60311	Carlsbad Blvd Realignment	2,089,566	-	2,527	(527,862)	-	1,564,231	
Total Congestion Relief			(553,259)	2,050,000	2,527	(715,088)	-	784,180	
<b>Maintenance:</b>									
CB18	60163	Carlsbad Blvd Bridge - Railroad	(19,689)	50,000	6	(8,022)	-	22,295	
Total Maintenance			(19,689)	50,000	6	(8,022)	-	22,295	
Total Local Street Improvements			(572,948)	2,111,700	2,533	(734,810)	-	806,475	
<b>Bikes and Pedestrian:</b>									
V02	34554	Coastal Rail Trail	71,795	-	441	-	(72,236)	-	(b)
V12/CB39	60461	Carlsbad Active Transp. Strategies Plan	-	21,786	4	(51,906)	-	(30,116)	(c)
V12/CB41	40122	Coastal Rail Trail, Reach 1	-	-	-	(130,804)	-	(130,804)	(c)
V12/CB42	60481	Bike the Village-Bike Racks	(33,000)	-	-	-	-	(33,000)	(d)
Total Bikes and Pedestrian			38,795	21,786	445	(182,710)	(72,236)	(193,920)	

**CITY OF CARLSBAD, CALIFORNIA**  
*TransNet* Extension Activities  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		<b>Environmental Mitigation:</b>							
V08	0013225								
	5001324	Calavera Preserve Planning Area	(28,667)	6,578	-	-	-	(22,089)	(e)
		Total Environmental Mitigation	(28,667)	6,578	-	-	-	(22,089)	
		Subtotal <i>TransNet</i> Extension	(562,820)	2,140,064	2,978	(917,520)	(72,236)	590,466	
		GASB 31 Market Value Adjustment	(17,154)	-	1,558	-	1,191	(14,405)	
		Total <i>TransNet</i> Extension	<u>\$ (579,974)</u>	<u>\$ 2,140,064</u>	<u>\$ 4,536</u>	<u>\$ (917,520)</u>	<u>\$ (71,045)</u>	<u>\$ 576,061</u>	

Notes:

- (a) Due to the revision of the City's *TransNet* draw down policy to comply with SANDAG Board Policy No. 031, Section IV, Local Agency Balance Limitations (30% Rule), funds can only be drawn down when the City's cash balance falls below the 30% threshold. Currently, the Carlsbad Boulevard Realignment project has a large positive cash balance. In order to comply with SANDAG policy, several other LSI projects must be in a negative cash balance position in order for the City to stay below the 30% threshold.
- (b) Project was completed during FY 13 and the remaining cash balance of \$71,045 was returned to SANDAG in FY 14. The amount returned equals the ending project balance at the end of FY 13 of \$71,795 plus earned interest of \$441 in FY 14 less \$1,191, which was the cumulative GASB 31 Market Value interest adjustment.
- (c) These grants are reimbursed by SANDAG quarterly once expenditures are incurred. The negative balance represents expenditures from late FY 14 which were not reimbursed by SANDAG until August 2014, and/or retention amounts held by SANDAG, which will be paid upon completion of the project.
- (d) Project expenditures were completed during FY 13. Final grant reporting requirements and reimbursement requests were submitted to SANDAG at the end of FY 14. Funds are expected to be reimbursed by SANDAG in FY15.
- (e) The negative balance due on this Environmental Mitigation grant represents retention amounts held by SANDAG which will be paid upon the completion of the project in FY 15.

**SCHEDULE B**

**CITY OF CARLSBAD, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief-Pass Through</b>							
SAN54	N/A	Regional Arterial Management Systems	\$ 23,400	\$ -	\$ (23,400)	\$ -	\$ -
		Total Congestion Relief-Pass Through	23,400	-	(23,400)	-	-
<b>Congestion Relief:</b>							
	<u>342000</u>						
CB04A	39572	ECR Widening - Tamarack to Chestnut	115,000	37,070	(128,473)	(18,808)	4,789
CB17	60143	Carlsbad Blvd Bridge-Powerplant	-	55	(4,870)	4,638	(177)
CB20	60011	Pavement Management - Overlay	2,935,000	2,721	(3,794,093)	71,709	(784,663)
CB36	60311	Carlsbad Blvd Realignment	3,000,000	10,831	(1,321,326)	(125,274)	1,564,231
		Total Congestion Relief	6,050,000	50,677	(5,248,762)	(67,735)	784,180
<b>Maintenance:</b>							
CB18	60163	Carlsbad Blvd Bridge - Railroad	50,000	12	(23,619)	(4,098)	22,295
		Total Maintenance	50,000	12	(23,619)	(4,098)	22,295
<b>Bikes and Pedestrian:</b>							
	<u>3420000</u>						
V02	34554	Coastal Rail Trail	57,725	4,046	(3,910)	(57,861)	-
V12/CB39	60461	Carlsbad Active Transp. Strategies Plan	21,786	4	(51,906)	-	(30,116)
V12/CB41	40122	Coastal Rail Trail, Reach 1	-	-	(130,804)	-	(130,804)
V12/CB42	60481	Bike the Village-Bike Racks	-	-	(33,000)	-	(33,000)
		Total Bikes and Pedestrian	79,511	4,050	(219,620)	(57,861)	(193,920)
<b>Environmental Mitigation:</b>							
	<u>0013225</u>						
V08	5001324	Calavera Preserve Planning Area	264,578	-	(286,667)	-	(22,089)
		Total Environmental Mitigation	264,578	-	(286,667)	-	(22,089)
Total Cumulative <i>TransNet</i> Extension			\$ 6,467,489	\$ 54,739	\$ (5,802,068)	\$ (129,694)	\$ 590,466

**SCHEDULE C**

**CITY OF CARLSBAD, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 411,986	\$ -	\$ 36,227	\$ (231,291)	\$ 4,162	\$ 221,084	\$ 425,569
For Fiscal Year ended June 30, 2010	June 30, 2017	514,405	-	47,267	-	-	561,672	555,743
For Fiscal Year ended June 30, 2011	June 30, 2018	580,843	-	32,057	-	-	612,900	606,431
For Fiscal Year ended June 30, 2012	June 30, 2019	934,358	-	34,713	-	-	969,071	958,842
For Fiscal Year ended June 30, 2013	June 30, 2020	696,114	-	15,883	-	-	711,997	704,482
For Fiscal Year ended June 30, 2014	June 30, 2021	353,442	-	3,771	-	-	357,213	-
<b>Total RTCIP Funds</b>		<b>\$ 3,491,148</b>	<b>\$ -</b>	<b>\$ 169,918</b>	<b>\$ (231,291)</b>	<b>\$ 4,162</b>	<b>\$ 3,433,937</b>	<b>\$ 3,251,067</b>



**CITY OF CHULA VISTA, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Chula Vista, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$4,320,820. We selected \$1,618,130 (37.45%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2014. The City's indirect cost plan has not been reviewed by a cognizant agency. The City allocates indirect costs out of various departments and into capital projects by using the engineering time directly charged to a project as the cost basis, and

multiplying the hours worked by the City's fully-burdened hourly rate. The City's indirect cost plan was last updated during the fiscal year ended June 30, 2012, and the methodology was last reviewed by its internal auditors during the fiscal year ended June 30, 2010. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column was explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as indicated on the following page:

Fiscal year 2014 apportionment	\$5,350,295
Less: debt service payment	<u>-</u>
Net estimated apportionment	5,350,295
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>1,605,089</u>
Less:	
Local Streets and Roads fund balance	1,371,696
Local Street Improvement:	
Congestion Relief fund balance	(1,021,463)
Maintenance fund balance	<u>(837,169)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(486,936)</u>
Fund balance under apportionment	<u>\$2,092,025</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,021,463)	\$ 8,702,616	\$ 7,681,153
Maintenance	<u>(837,169)</u>	<u>5,771,728</u>	<u>4,934,559</u>
Totals	<u>\$(1,858,632)</u>	<u>\$14,474,344</u>	<u>\$12,615,712</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper and bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not

exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$ 4,467,081
Less: MOE base year requirement	<u>(3,749,587)</u>
Excess MOE for fiscal year ended June 30, 2014	\$ <u>717,494</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.



- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures for the fiscal year ended June 30, 2014.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures for the fiscal year ended June 30, 2014.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures for the fiscal year ended June 30, 2014.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 17, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for the City.

18. For SANDAG only, we performed the following procedures:
- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the fiscal year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
CHV06	STL316	Pavement Rehabilitation	\$ 704,188	\$ -	\$ -	\$ -	\$ 41,785	\$ 745,973	(a)
CHV06	STL355	Pavement Minor Rehab 09/10	41,785	-	-	-	(41,785)	-	(a),(b)
CHV06	OP219	Pavement Management System	(213,212)	-	-	(72,321)	285,533	-	(a),(b)
Total CHV06 Projects			532,761	-	-	(72,321)	285,533	745,973	
CHV33	TF345	School Zone Traffic Calming	25,179	-	-	(82,888)	-	(57,709)	(c)
CHV41	TF358	West Side Transportation DIF	193,689	-	-	-	-	193,689	(d)
CHV43	TF354	Traffic Congestion Relief Program	14,760	-	-	(66,216)	51,456	-	(a)
CHV44	TF356	Otay Mesa Transportation System	15,531	-	-	(3,103)	-	12,428	
CHV50	DR180	Emerg. Storm Drain Replacement	485,250	-	-	(7,935)	-	477,315	
Total Local Streets and Roads			1,267,170	-	-	(232,463)	336,989	1,371,696	
Total <i>TransNet</i>			\$ 1,267,170	\$ -	\$ -	\$ (232,463)	\$ 336,989	\$ 1,371,696	

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
CHV08	STL261	Willow Street Bridge Widening	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000	(e)
CHV18	STL291	Fourth Ave Sidewalk Improvement	18,479	-	-	-	-	18,479	
CHV20	STM370	North Fourth Avenue Widening	70	-	-	-	-	70	(b),(d)
CHV30	STM361	15 Multi-Modal Corridor Imprv. Study	15,875	-	-	(6,860)	-	9,015	
CHV39	TF350	Traffic Signal System Optimization	(96,570)	250,000	-	(185,670)	-	(32,240)	(f)
CHV40	STL337	Bayshore Bikeway Segment 7 & 8	10,867	-	-	(137)	-	10,730	
CHV43	TF354	Traffic Congestion Relief Program	-	-	-	-	(51,456)	(51,456)	(a),(c)
CHV44	TF344	I 805 Direct Access Ramp E H and E Palomar	11,695	-	-	(6,278)	-	5,417	
CHV44	TF359	SR 54 Corridor Imprv. Arterial Ops.	(57)	-	-	(196)	-	(253)	
		Total CHV44 Projects	11,638	-	-	(6,474)	-	5,164	
		Subtotal Congestion Relief	35,359	250,000	-	(199,141)	(51,456)	34,762	

**SCHEDULE A**

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2013	Received	Income	Expenditures	Adjustments	June 30, 2014	
		Balance carried forward	\$ 35,359	\$ 250,000	\$ -	\$ (199,141)	\$ (51,456)	\$ 34,762	
CHV48	STL357	Pavement Major Rehabilitation Prop 1B	-	-	-	(6,067)	-	(6,067)	(c)
CHV48	STL371	Major Pavement Rehabilitation	-	-	-	(6,153)	-	(6,153)	(c)
CHV48	STL372	Pavement Major Rehabilitation FY11-12	-	-	-	(728)	-	(728)	(c)
CHV48	STM373	Pavement Major Rehabilitation FY12-13	560,109	-	-	(1,067,394)	-	(507,285)	(c)
CHV48	STM379	Pavement Major Rehabilitation FY13-14	-	-	-	(45,973)	-	(45,973)	(c)
		Total CHV48 Projects	<u>560,109</u>	<u>-</u>	<u>-</u>	<u>(1,126,315)</u>	<u>-</u>	<u>(566,206)</u>	
CHV51	STL359	Naples St. & Oleander Ave. CG/ADA	(4,956)	-	-	(3,633)	-	(8,589)	
CHV51	STL382	Cross Gutter Rehabilitation	<u>(14,673)</u>	<u>40,000</u>	<u>-</u>	<u>(6,814)</u>	<u>-</u>	<u>18,513</u>	
		Total CHV51 Projects	<u>(19,629)</u>	<u>40,000</u>	<u>-</u>	<u>(10,447)</u>	<u>-</u>	<u>9,924</u>	
CHV52	STL361	Industrial Blvd. Bike Ln / Ped Improvement	<u>5,564</u>	<u>-</u>	<u>-</u>	<u>(811)</u>	<u>-</u>	<u>4,753</u>	
CHV54	STM367	So Broadway Improv. Main to SthrnCity	<u>(55,733)</u>	<u>150,000</u>	<u>-</u>	<u>(150,946)</u>	<u>-</u>	<u>(56,679)</u>	(c)
CHV55	STL342	Second Ave. Improv. Naples-Palomar	(80)	80	-	-	-	-	
CHV55	STL304	Glenhaven Way Any St. Improv.	<u>(2,649)</u>	<u>2,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total CHV55 Projects	<u>(2,729)</u>	<u>2,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
CHV56	STL363	Sidewalk Safety Program I	-	-	-	-	(93,180)	(93,180)	(a),(c)
		Subtotal Congestion Relief	<u>522,941</u>	<u>442,729</u>	<u>-</u>	<u>(1,487,660)</u>	<u>(144,636)</u>	<u>(666,626)</u>	

**SCHEDULE A**

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2013	Received	Income	Expenditures	Adjustments	June 30, 2014	
		Balance carried forward	\$ 522,941	\$ 442,729	\$ -	\$ (1,487,660)	\$ (144,636)	\$ (666,626)	
CHV58	STL366	Moss Street Sidewalk Installation	12,593	-	-	(27,549)	-	(14,956)	(c)
CHV58	STL368	Oxford Street Sidewalk Installation	-	-	-	(25,147)	-	(25,147)	(c)
CHV58	STL369	Palomar Street Sidewalk Installation	49,234	-	-	(16,588)	-	32,646	
CHV58	STL371	Sidewalk Installation E H Terra Nova	-	-	-	(2)	-	(2)	(c)
CHV58	STL378	Sidewalk Installation So & W of Hilltop & F	-	-	-	(718)	-	(718)	(c)
CHV58	STL379	Alpine Avenue Improvements - Naples	-	-	-	(13,199)	-	(13,199)	(c)
CHV58	STL394	Moss Street Corridor Improv. b/w 3rd & 4th	-	20,000	-	(55,481)	-	(35,481)	(c)
		Total CHV58 Projects	61,827	20,000	-	(138,684)	-	(56,857)	
CHV59	STL364	Sidewalk Installation Along Naples	-	-	-	(1,295)	-	(1,295)	
CHV59	STL367	Naples Street Sidewalk Installation	140,690	-	-	(52,776)	-	87,914	
		Total CHV59 Projects	140,690	-	-	(54,071)	-	86,619	
CHV60	TF316	Signal Installation 2nd & Quintard	1,304	-	-	(3,299)	-	(1,995)	(c)
CHV60	TF373	Traffic Signal Mod Intersection 4th & G Street	-	-	-	-	225	225	(g)
CHV60	TF378	Traffic Signal Mod at 2nd & E Street	214	-	-	(698)	-	(484)	(c)
CHV60	TF382	Traffic Signal Mod at Third Ave & Naples St	42,889	-	-	(31,932)	-	10,957	
CHV60	TF383	Traffic Signal Instal at Industrial & Moss	-	-	-	(240,813)	-	(240,813)	(c)
		Total CHV60 Projects	44,407	-	-	(276,742)	225	(232,110)	
CHV67	TF377	Roadway Improv at Olympic & Brandywine	(300)	90,000	-	(223,583)	-	(133,883)	(c)
CHV70	STM377	Westbound E Orange Avenue Bike Gap	-	-	-	(18,606)	-	(18,606)	(c)
CHV72	STM355	Otay Lakes Road Widening, E H to Canyon	-	200,000	-	(200,000)	-	-	
		Total Congestion Relief	769,565	752,729	-	(2,399,346)	(144,411)	(1,021,463)	



**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>Maintenance:</b>									
CHV06	OP219	Pavement Management System	\$ -	\$ -	\$ -	\$ -	\$ (285,533)	\$ (285,533)	(a),(b),(c)
CHV22	OP202	CIP Advanced Planning	(8,473)	30,000	-	(61,599)	-	(40,072)	(c)
CHV22	OP208	CIP Management & Equipment Purchase	13,353	-	-	(6,225)	-	7,128	
		Total CHV22 Projects	4,880	30,000	-	(67,824)	-	(32,944)	
CHV26	STL323	Pedestrian Master Plan	142	-	-	(70)	-	72	
CHV33	TF361	Safe Routes 2 School Otay/ Rice Elm	32,500	-	-	-	(32,500)	-	(a),(b)
CHV33	TF362	Kids Walk/Bike to School Phase II	(38,440)	-	-	(3,384)	32,500	(9,324)	(a)
CHV33	STL375	Enhanced Traffic Calming Crosswalk	24,633	-	-	(7,064)	-	17,569	
CHV33	STL389	Castle Park Middle School - Quintard Street	35,000	-	-	(287)	-	34,713	
CHV33	STM380	Sidewalk Replacement E H Street Study	-	-	-	(8,219)	-	(8,219)	
CHV33	TF384	Lauderbach Elem. Pedestrian Imprv	-	-	-	(63)	-	(63)	
		Total CHV33 Projects	53,693	-	-	(19,017)	-	34,676	
CHV34	TF327	Neighborhood Safety Program	-	-	-	(118,915)	-	(118,915)	(g)
CHV35	TF325	Transportation Planning Program	(9,091)	-	-	(29,187)	-	(38,278)	(c)
CHV35	TF332	Signing and Stripping Program	(6,585)	-	-	(36,881)	-	(43,466)	(c)
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	-	-	-	(209,421)	-	(209,421)	(c)
CHV35	TF385	Signing and Stripping Elementary Schools	-	100,000	-	(1,385)	-	98,615	
		Total CHV35 Projects	(15,676)	100,000	-	(276,874)	-	(192,550)	
		Subtotal Maintenance	43,039	130,000	-	(482,700)	(285,533)	(595,194)	

**SCHEDULE A**

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2013	Received	Income	Expenditures	Adjustments	June 30, 2014	
		Balance carried forward	\$ 43,039	\$ 130,000	\$ -	\$ (482,700)	\$ (285,533)	\$ (595,194)	
CHV45	STM369	Bikeway Facilities Gap Project	(2,836)	-	-	(79,151)	-	(81,987)	(c)
CHV45	TF274	Traffic Count	(2,721)	-	-	(24,309)	-	(27,030)	(c)
CHV45	TF321	Citywide Traffic Count Program	(16,395)	-	-	(96,312)	-	(112,707)	(c)
		Total CHV45 Projects	(21,952)	-	-	(199,772)	-	(221,724)	
CHV46	TF368	Harborside Elementary Pedestrian Imprv.	2,362	6,443	-	(1,542)	19,774	27,037	(g)
CHV47	TF367	Urban Core Srvs Level Threshold Study	15,783	-	-	(467)	-	15,316	
CHV50	DR192	Emergency Storm Drain Repairs F St.	17,856	-	-	(210)	-	17,646	
CHV50	DR193	Storm Drain Pipe Rehab Project For FY2013	361,067	-	-	(261,349)	-	99,718	
CHV50	DR196	CMP Rehabilitation Program FY13-14	-	-	-	(398)	-	(398)	
		Total CHV50 Projects	378,923	-	-	(261,957)	-	116,966	
CHV61	DR187	Box Culvert at Bonita Road/Allen	4,356	-	-	(1,518)	-	2,838	
CHV65	DR190	Street Drainage Inlet Repair/Replacement	(3,492)	9,000	-	(8,105)	-	(2,597)	(c)
CHV66	DR191	Drainage Improvement Claire Ave / I St.	(92,444)	-	-	(133)	-	(92,577)	(c)
CHV71	STM378	Main Street Streetscape Master Plan	-	-	-	(87,234)	-	(87,234)	(c)
		Total Maintenance	326,575	145,443	-	(1,043,428)	(265,759)	(837,169)	
		Total Local Street Improvements	1,096,140	898,172	-	(3,442,774)	(410,170)	(1,858,632)	

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>Major Corridor Environmental Mitigation:</b>									
V08	OP218	Cactus Wren Habitat Rehabilitation	\$ (21,797)	\$ 51,197	\$ -	\$ (42,656)	\$ -	\$ (13,256)	(e)
V08	OP221	PMA Otay Tarplant & SD Thornmount	(54,556)	34,076	-	(38,082)	-	(58,562)	(e)
V08	OP222	Coastal Cactus Wren Habitat Restoration	(18,253)	-	-	(34,324)	-	(52,577)	(e)
Total Major Corridor Environmental Mitigation			(94,606)	85,273	-	(115,062)	-	(124,395)	
<b>Smart Growth:</b>									
CHV49	STL362	Third Ave Streetscape Improvement	(1,567,159)	1,593,903	-	(26,744)	-	-	
CHV63	OP217	Palomar Gateway Specific Plan	(86,391)	16,854	-	(34,737)	-	(104,274)	(e)
CHV73	STL400	Palomar Gateway Specific Plan	-	38,052	-	(86,857)	-	(48,805)	(e)
CHV74	N/A	Healthy Chula Vista Initiative	-	10,821	-	(38,226)	-	(27,405)	(e)
Total Smart Growth			(1,653,550)	1,659,630	-	(186,564)	-	(180,484)	
<b>Bike and Pedestrian:</b>									
CHV56	STL363	Sidewalk Safety Program I	(93,180)	-	-	-	93,180	-	(a)
Total Bike and Pedestrian			(93,180)	-	-	-	93,180	-	
Total Major Corridor, Smart Growth and Bike and Pedestrian			(1,841,336)	1,744,903	-	(301,626)	93,180	(304,879)	
Subtotal <i>TransNet</i> Extension			(745,196)	2,643,075	-	(3,744,400)	(316,990)	(2,163,511)	

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
		Interest Income	8,617	-	2,608	-	-	11,225	
		Total <i>TransNet</i> Extension	<u>(736,579)</u>	<u>2,643,075</u>	<u>2,608</u>	<u>(3,744,400)</u>	<u>(316,990)</u>	<u>(2,152,286)</u>	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>530,591</u>	<u>2,643,075</u>	<u>2,608</u>	<u>(3,976,863)</u>	<u>19,999</u>	<u>(780,590)</u>	
		GASB 31 Fair Market Value Adjustment	<u>(9,211)</u>	-	<u>3,060</u>	-	-	<u>(6,151)</u>	
		<b>Non-TransNet</b>							
N/A	STL399	South Bay BRT Town Center Drive - Birch Rd.	\$ -	\$ 172,023	\$ -	\$ (343,957)	\$ -	\$ (171,934)	
		Total Non- <i>TransNet</i>	<u>-</u>	<u>172,023</u>	<u>-</u>	<u>(343,957)</u>	<u>-</u>	<u>(171,934)</u>	
		Total <i>TransNet</i> , and <i>TransNet</i> Extension and Non- <i>TransNet</i>	<u>\$ 521,380</u>	<u>\$ 2,815,098</u>	<u>\$ 5,668</u>	<u>\$ (4,320,820)</u>	<u>\$ 19,999</u>	<u>\$ (958,675)</u>	

Notes:

- (a) Transfer within same MPO ID.
- (b) Project complete.
- (c) The City covered the deficit with a drawdown in FY 15.
- (d) The City intends to take action in FY16 to transfer funds to another approved RTIP project.
- (e) The City has been expending other funding sources for the past 2 years. The City anticipates *TransNet* expenditures to occur beginning in FY 15.
- (f) The City intends to cover the deficit with reimbursements from SANDAG.
- (g) The City corrected fund sources per RESO 2013-220. This is a correction of prior year expenditures that were incorrectly recorded to the Other Transportation Programs Fund.

**SCHEDULE B**

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
CHV08	STL261	Willow Street Bridge Widening	-	-	-	75,000	75,000
CHV18	STL291	Fourth Ave Sidewalk Improvement	65,000	-	(52,608)	6,087	18,479
CVH20	STM370	North Fourth Avenue Widening	193,000	-	(192,930)	-	70
CHV30	STM361	15 Multi-Modal Corridor Improv. Study	334,500	-	(335,902)	10,417	9,015
CHV39	TF350	Traffic Signal System Optimization	394,000	833	(427,073)	-	(32,240)
CHV40	STL337	Bayshore Bikeway Segment 7 & 8	130,400	-	(119,670)	-	10,730
CHV43	TF354	Traffic Congestion Relief Program	-	-	-	(51,456)	(51,456)
CHV44	TF344	I 805 Direct Access Ramp E H and E Palomar	198,185	-	(130,449)	(62,319)	5,417
CHV44	TF359	SR 54 Corridor Improv Arterial Ops.	1,815	-	(2,068)	-	(253)
Total CHV 44 Projects			200,000	-	(132,517)	(62,319)	5,164
CHV48	STL357	Pavement Major Rehabilitation Prop 1B	543,470	-	(549,537)	-	(6,067)
CHV48	STL371	Major Pavement Rehabilitation	1,177,856	-	(1,184,009)	-	(6,153)
CHV48	STL372	Pavement Major Rehabilitation FY11-12	2,128,590	-	(2,129,318)	-	(728)
CHV48	STL373	Pavement Major Rehabilitation FY12-13	587,079	-	(1,094,364)	-	(507,285)
CHV48	STM379	Pavement Major Rehabilitation FY13-14	-	-	(45,973)	-	(45,973)
Total CHV 48 Projects			4,436,995	-	(5,003,201)	-	(566,206)
Subtotal Congestion Relief			5,753,895	833	(6,263,901)	(22,271)	(531,444)

**SCHEDULE B**

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>
		Balance carried forward	\$ 5,753,895	\$ 833	\$ (6,263,901)	\$ (22,271)	\$ (531,444)
CHV51	STL359	Naples St & Oleander Ave CG/ADA	13,840	-	(22,429)	-	(8,589)
CHV51	STL382	Cross Gutter Rehabilitation	40,000	-	(21,487)	-	18,513
		Total CHV 51 Projects	53,840	-	(43,916)	-	9,924
CHV52	STL361	Industrial Blvd. Bike Ln / Ped Improvement	145,300	-	(140,547)	-	4,753
CHV54	STM367	So Broadway Improv Main to SthrnCity	191,840	-	(248,519)	-	(56,679)
CHV55	STL342	Second Ave. Imprv. Naples - Palomar	25,000	-	(25,000)	-	-
CHV55	STL304	Glenhaven Way Any St. Improv.	9,444	-	(9,444)	-	-
		Total CHV 55 Projects	34,444	-	(34,444)	-	-
CHV56	STL363	Sidewalk Safety Program I	-	-	-	(93,180)	(93,180)
CHV58	STL366	Moss Street Sidewalk Installation	35,000	-	(49,956)	-	(14,956)
CHV58	STL368	Oxford Street Sidewalk Installation	64,997	-	(90,144)	-	(25,147)
CHV58	STL369	Palomar Street Sidewalk Installation	58,698	-	(26,052)	-	32,646
CHV58	STL371	Sidewalk Installation E H Terra Nova	99,999	-	(100,001)	-	(2)
CHV58	STL378	Sidewalk Installation So & W of Hilltop & F	91,306	-	(92,024)	-	(718)
CHV58	STL379	Alpine Avenue Improvements - Naples	-	-	(13,199)	-	(13,199)
CHV58	STL394	Moss Street Corridor Improv. b/w 3rd & 4th	20,000	-	(55,481)	-	(35,481)
		Total CHV 58 Projects	370,000	-	(426,857)	-	(56,857)
		Subtotal Congestion Relief	6,549,319	833	(7,158,184)	(115,451)	(723,483)

**SCHEDULE B**

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance carried forward	\$ 6,549,319	\$ 833	\$ (7,158,184)	\$ (115,451)	\$ (723,483)
CHV59	STL364	Sidewalk Installation Along Naples	69,290	-	(75,587)	5,002	(1,295)
CHV59	STL367	Naples Street Sidewalk Installation	64,010	-	(63,102)	87,006	87,914
		Total CHV 59 Projects	133,300	-	(138,689)	92,008	86,619
CHV60	TF316	Signal Installation 2nd & Quintard	218,363	-	(220,358)	-	(1,995)
CHV60	TF373	Traffic Signal Mod Intersection 4th & G Stree	-	-	-	225	225
CHV60	TF378	Traffic Signal Mod at 2nd & E Street	243,667	-	(244,151)	-	(484)
CHV60	TF382	Traffic Signal Mod at Third Ave & Naples St	43,500	-	(32,543)	-	10,957
CHV60	TF383	Traffic Signal Instal at Industrial & Moss	-	-	(240,813)	-	(240,813)
		Total CHV 60 Projects	505,530	-	(737,865)	225	(232,110)
CHV67	TF377	Roadway Improv at Olympic & Brandywine	100,000	-	(233,883)	-	(133,883)
CHV70	STM377	Westbound E Orange Avenue Bike Gap	-	-	(18,606)	-	(18,606)
CHV72	STM355	Otay Lakes Road Widening, E H to Canyon	200,000	-	(200,000)	-	-
		Total Congestion Relief	7,488,149	833	(8,487,227)	(23,218)	(1,021,463)

**SCHEDULE B**

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>Maintenance:</b>							
CHV06	OP219	Pavement Management System	\$ -	\$ -	\$ -	\$ (285,533)	\$ (285,533)
CHV22	OP202	CIP Advanced Planning	199,000	-	(316,680)	77,608	(40,072)
CHV22	OP208	CIP Management & Equipment Purchase	30,000	-	(43,745)	20,873	7,128
Total CHV 22 Projects			<u>229,000</u>	<u>-</u>	<u>(360,425)</u>	<u>98,481</u>	<u>(32,944)</u>
CHV26	STL323	Pedestrian Master Plan	85,000	-	(129,928)	45,000	72
CHV33	TF361	Safe Routes 2 School Otay / Rice Elm	129,500	-	(97,000)	(32,500)	-
CHV33	TF362	Kids Walk/Bike to School Phase II	105,500	-	(38,438)	(76,386)	(9,324)
CHV33	STL375	Enhanced Traffic Calming Crosswalk	-	-	(68,929)	86,498	17,569
CHV33	STL389	Castle Park Middle School - Quintard Street	35,000	-	(287)	-	34,713
CHV33	STM380	Sidewalk Replacement E H Street Study	-	-	(8,219)	-	(8,219)
CHV33	TF384	Lauderbach Elem. Pedestrian Imprv	-	-	(63)	-	(63)
Total CHV 33 Projects			<u>270,000</u>	<u>-</u>	<u>(212,936)</u>	<u>(22,388)</u>	<u>34,676</u>
CHV34	TF327	Neighborhood Safety Program	269,009	-	(387,924)	-	(118,915)
CHV35	TF325	Transportation Planning Program	153,200	-	(191,478)	-	(38,278)
CHV35	TF332	Signing and Stripping Program	144,795	-	(212,550)	24,289	(43,466)
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	483,384	-	(692,805)	-	(209,421)
CHV35	TF385	Signing and Stripping Elementary Schools	100,000	-	(1,385)	-	98,615
Total CHV 35 Projects			<u>881,379</u>	<u>-</u>	<u>(1,098,218)</u>	<u>24,289</u>	<u>(192,550)</u>
Subtotal Maintenance			<u>1,734,388</u>	<u>-</u>	<u>(2,189,431)</u>	<u>(140,151)</u>	<u>(595,194)</u>



**SCHEDULE B**

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>
		Balance carried forward	\$ 1,734,388	\$ -	\$ (2,189,431)	\$ (140,151)	\$ (595,194)
CHV45	STM369	Bikeway Facilities Gap Project	72,500	-	(154,487)	-	(81,987)
CHV45	TF274	Traffic Count	57,279	-	(84,309)	-	(27,030)
CHV45	TF321	Citywide Traffic Count Program	113,221	-	(225,928)	-	(112,707)
		Total CHV 45 Projects	243,000	-	(464,724)	-	(221,724)
CHV46	TF368	Harborside Elementary Pedestrian Improv.	261,443	556	(254,736)	19,774	27,037
CHV47	TF367	Urban Core Srvs Level Threshold Study	20,000	663	(5,347)	-	15,316
CHV50	DR192	Emergency Storm Darin Repairs F St.	12,000	-	(229,354)	235,000	17,646
CHV50	DR193	Storm Drain Pipe Rehab Project For FY2013	288,000	-	(273,282)	85,000	99,718
CHV50	DR196	CMP Rehabilitation Program FY13-14	-	-	(165,398)	165,000	(398)
		Total CHV 50 Projects	300,000	-	(668,034)	485,000	116,966
CHV61	DR187	Box Culvert at Bonita Road/Allen	11,000	-	(8,162)	-	2,838
CHV65	DR190	Street Drainage Inlet Repair/Replacement	9,000	-	(11,597)	-	(2,597)
CHV66	DR191	Drainage Improvement Claire Ave / I St.	250,000	-	(342,577)	-	(92,577)
CHV71	STM378	Main Street Streetscape Master Plan	-	-	(87,234)	-	(87,234)
		Total Maintenance	2,828,831	1,219	(4,031,842)	364,623	(837,169)

**SCHEDULE B**

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>Bike and Pedestrian:</b>							
CHV56	STL363	Sidewalk Safety Prg I St Sdwk	\$ 79,544	\$ -	\$ (93,500)	\$ 13,956	\$ -
		Total Bike and Pedestrian	<u>79,544</u>	<u>-</u>	<u>(93,500)</u>	<u>13,956</u>	<u>-</u>
<b>Major Corridor Environmental Mitigation:</b>							
V08	OP218	Cactus Wren Habitat Rehabilitation	330,851	-	(344,107)	-	(13,256)
V08	OP221	PMA Otay Tarplant &SD Thornmnt	201,440	-	(260,002)	-	(58,562)
V08	OP222	Coastal Cactus Wren Habitat Restoration	<u>59,851</u>	<u>-</u>	<u>(112,428)</u>	<u>-</u>	<u>(52,577)</u>
		Total Major Corridor Environmental Mitigation	<u>592,142</u>	<u>-</u>	<u>(716,537)</u>	<u>-</u>	<u>(124,395)</u>
<b>Smart Growth:</b>							
CHV49	STL362	Third Ave Streetscape Improvement	1,999,999	-	(1,999,999)	-	-
CHV63	OP217	Palomar Gateway Specific Plan	276,752	-	(381,026)	-	(104,274)
CHV73	STL400	Palomar Gateway Specific Plan	38,052	-	(86,857)	-	(48,805)
CHV74	N/A	Healthy Chula Vista Initiative	<u>10,821</u>	<u>-</u>	<u>(38,226)</u>	<u>-</u>	<u>(27,405)</u>
		Total Smart Growth	<u>2,325,624</u>	<u>-</u>	<u>(2,506,108)</u>	<u>-</u>	<u>(180,484)</u>
		Interest Income	<u>-</u>	<u>11,225</u>	<u>-</u>	<u>-</u>	<u>11,225</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>13,314,290</u>	<u>13,277</u>	<u>(15,835,214)</u>	<u>355,361</u>	<u>(2,152,286)</u>

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>Completed Projects:</b>							
		Smart Growth	283,900	-	(283,900)	-	-
		Congestion Relief	5,372,123	4,132	(5,946,721)	570,466	-
		Maintenance	639,101	-	(613,591)	(25,510)	-
		Total Completed Projects	<u>6,295,124</u>	<u>4,132</u>	<u>(6,844,212)</u>	<u>544,956</u>	-
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 19,609,414</u>	<u>\$ 17,409</u>	<u>\$ (22,679,426)</u>	<u>\$ 900,317</u>	<u>\$ (2,152,286)</u>

**CITY OF CHULA VISTA CALIFORNIA**  
*TransNet* Extension Activities  
 RTCIP Fund  
 Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 32,818	\$ -	\$ 1,549	\$ (54,858)	\$ 180,000	\$ 159,509.00	\$ 159,509
For Fiscal Year ended June 30, 2010	June 30, 2017	28,343	-	4,313	(1,950)	-	30,706	30,706
For Fiscal Year ended June 30, 2011	June 30, 2018	5,467	-	1,961	(16,488)	-	(9,060)	(9,060)
For Fiscal Year ended June 30, 2012	June 30, 2019	39,992	-	1,893	(6,703)	(152,894)	(117,712)	(117,712)
For Fiscal Year ended June 30, 2013	June 30, 2020	67,830	-	186	-	-	68,016	68,016
For Fiscal Year ended June 30, 2014	June 30, 2021	52,116	-	862	-	(36,851)	16,127	-
Subtotal RTCIP Funds		226,566	-	10,764	(79,999)	(9,745)	147,586	131,459
GASB 31 fair market value adjustment		-	-	(58)	-	-	(58)	(835)
Total RTCIP Funds		<u>\$ 226,566</u>	<u>\$ -</u>	<u>\$ 10,706</u>	<u>\$ (79,999)</u>	<u>\$ (9,745)</u>	<u>\$ 147,528</u>	<u>\$ 130,624</u>

**CITY OF CORONADO, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Coronado, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet*'s general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$420,106. We selected \$292,774 (69.69%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.



- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no completed projects as of June 30, 2014.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: This procedure is not applicable as there were no completed projects as of June 30, 2014.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2014 apportionment	\$545,666
Less: debt service payment	<u>          -</u>
Net estimated apportionment	545,666
30% base	<u>      30%</u>
Fiscal year 2014 30% threshold	<u>163,700</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	45,454
Maintenance fund balance	<u>      3,410</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>      48,864</u>
Fund balance under apportionment	<u>\$114,836</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$45,454	\$ 80,128	\$ 125,582
Maintenance	<u>3,410</u>	<u>1,042,232</u>	<u>1,045,642</u>
Totals	<u>\$48,864</u>	<u>\$1,122,360</u>	<u>\$1,171,224</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no commercial paper or bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$1,249,156
Less MOE base year requirement	<u>(778,768)</u>
Excess MOE for fiscal year ended June 30, 2014	\$ <u>470,388</u>

13. We reviewed transit operator eligibility for receipt of funds.
- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13b).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.  
Results: No exceptions were noted as a result of our procedures.
  - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.  
Results: No exceptions were noted as a result of our procedures.
  - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
    - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: The City is not in compliance with the RTCIP exaction fee requirement. See Finding 1 in the Findings and Recommendations section of this report.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: No exceptions were noted as a result of our procedures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP

general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 6, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: This procedure is not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations in the prior year report for the year ended June 30, 2013.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: See the Findings and Recommendations section of this report.

The City's written response to the recommendation identified in the procedures performed is described in the accompanying Findings and Recommendations section of this report. We did not perform additional agreed-upon procedures related to the City's response and express no opinion on it.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Mayer Hoffman McCreary".

Irvine, California  
March 20, 2015



# CITY OF CORONADO, CALIFORNIA

## Report on Agreed-Upon Procedures Applied to the *TransNet* Fund

### Findings and Recommendations

Year Ended June 30, 2014

**(1) Need to Use Approved Exaction Fee**

Per review of the City's exaction fee collections as of June 30, 2014, the City is not in compliance with the required exaction amount of \$2,209.00. In 12 out of 17 permits, the exaction fee was based upon the fiscal year (FY) 2011-12 exaction fee of \$2,123.00 instead of the FY 2013-14 exaction fee of \$2,209.00. In addition, for 1 out of 17 permits, no exaction fee was collected. This resulted in an under-collection of the exaction fee in the amount of \$1,732.59.

<u>Permit No.</u>	<u>Dwelling Increase</u>	<u>Audited Amount</u>	<u>Amount Charged</u>	<u>Variance</u>
NC1309-013	1/2 split with 827C Ave	\$1,104.50	\$1,061.50	\$43.00
NC1312-006	1/2 split with 825C Ave	1,104.50	1,061.50	43.00
NC1306-010	1/4 split with 829, 831, 833 E Ave	552.25	530.75	21.50
NC1306-011	1/4 split with 827, 831, 833 E Ave	552.25	530.75	21.50
NC1311-004	1/4 split with 827, 829, 833 E Ave	552.25	530.75	21.50
NC1312-003	1/4 split with 827, 829, 831 E Ave	552.25	530.75	21.50
NC1309-001	2 net increase	4,418.00	4,246.00	172.00
NC1308-002	1 net increase	2,209.00	2,123.00	86.00
NC1312-011	1/3 split with 410, 412 A Ave	736.33	721.82	14.51
TBD	1/3 split with 408, 412 A Ave	736.33	0.00	736.33
NC1405-001	1/3 split with 408, 410 A Ave	736.34	700.59	35.75
NC1402-001	3 net increase	6,627.00	6,369.00	258.00
NC1310-010	3 net increase	<u>6,627.00</u>	<u>6,369.00</u>	<u>258.00</u>
Totals		<u>\$26,508.00</u>	<u>\$24,775.41</u>	<u>\$1,732.59</u>

SANDAG Board recommendations as of February 22, 2013 and subsequent approval states, in part:

“...the Board of Directors is asked to approve a 2 percent adjustment to the Regional Transportation Congestion Improvement Program (RTCIP) raising the minimum fee from \$2,165 to \$2,209 beginning July 1, 2013.”

Additionally, Board Policy 031, Rule #23 B.5 states in part:

“...if, however, the audit establishes a local agency did not provide its full monetary contribution under the RTCIP and the local agency does not cure defects of which it was notified by the time the audit is finalized and adopted by the ITOC, then the local agency will have forfeited its Section 4(D)(1) contribution. Any amount paid to the local agency in the fiscal year that was the subject of the audit will be retroactively owed to the Commission...”

## CITY OF CORONADO, CALIFORNIA

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Findings and Recommendations

(Continued)

(1) **Need to Use Approved Exaction Fee (Continued)**

**Recommendation**

We recommend that the City recover the under-collection of exaction fees in the amount of \$1,732.59. Additionally, we recommend that the City update and collect the proper exaction fees on a yearly basis to be in compliance with the RTCIP fees.

**Management Response**

The City collected all under-collections in September 2014. Additionally, the City took the following corrective actions to prevent the occurrence of this in the future:

- (1) Impact fees, and more specifically the SANDAG Regional Transportation Congestion Improvement Program (RTCIP), will not be split or divided among permits. The adopted fee will be charged per applicable permit in full.
- (2) Staff has taken measures at the reassurance and verification that the charged RTCIP fee reflects the correct amount for the year of permit issuance.

**CITY OF CORONADO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet Extension:</b>									
<b>Congestion Relief:</b>									
COR 07	9872-STCRBGTR	Street and Road Rehabilitation (a)	\$ (4,583)	\$ 49,894	\$ 143	\$ -	\$ -	\$ 45,454	
COR 07	9899-12SCG	Street, Curb & Gutter	-	407,029	-	(407,029)	-	-	
COR 07	9835-14SCG	Street, Curb & Gutter-FY14	-	10,999	-	(10,999)	-	-	
COR 07	9894-12003	Audible Pedestrian Signals	-	2,078	-	(2,078)	-	-	
		Total Congestion Relief	<u>(4,583)</u>	<u>470,000</u>	<u>143</u>	<u>(420,106)</u>	<u>-</u>	<u>45,454</u>	
<b>Maintenance:</b>									
COR 04	9869-SLRYSEAL	Street and Road Maintenance	<u>3,399</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>3,410</u>	(a)
		Total Maintenance	<u>3,399</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>3,410</u>	
		Total Cumulative <i>TransNet</i> Extension	<u>(1,184)</u>	<u>470,000</u>	<u>154</u>	<u>(420,106)</u>	<u>-</u>	<u>48,864</u>	
		Reconciling Item for GASB 31	<u>(3,647)</u>	<u>-</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>(3,623)</u>	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	<u><u>\$ (4,831)</u></u>	<u><u>\$ 470,000</u></u>	<u><u>\$ 178</u></u>	<u><u>\$ (420,106)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 45,241</u></u>	

Notes:  
 (a) *Transnet* and *Transnet* Extension projects are for ongoing street, curb, and gutter maintenance. The section repairs are done on schedule or by priority of maintenance needed.

**CITY OF CORONADO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
COR 07	9872-STCRBGTR	Street and Road Rehabilitation	\$ 2,244,545	\$ 7,634	\$ (1,927,996)	\$ (278,729)	\$ 45,454
COR 07	9899-12SCG	Street, Curb & Gutter	430,592	-	(430,592)	-	-
COR 07	9835-14SCG	Street, Curb & Gutter-FY14	10,999	-	(10,999)	-	-
COR 07	9894-12003	Audible Pedestrian Signals	31,089	-	(31,089)	-	-
		Total Congestion Relief	<u>2,717,225</u>	<u>7,634</u>	<u>(2,400,676)</u>	<u>(278,729)</u>	<u>45,454</u>
<b>Maintenance:</b>							
COR 04	9869-SLRYSEAL	Street and Road Maintenance	70,000	298	(66,838)	(50)	3,410
		Total Maintenance	<u>70,000</u>	<u>298</u>	<u>(66,838)</u>	<u>(50)</u>	<u>3,410</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 2,787,225</u>	<u>\$ 7,932</u>	<u>\$ (2,467,514)</u>	<u>\$ (278,779)</u>	<u>\$ 48,864</u>

CITY OF CORONADO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 6,000	\$ -	\$ 1,374	(7,374)	\$ -	\$ -	\$ 7,374
For Fiscal Year ended June 30, 2010	June 30, 2017	2,040	-	381	(2,421)	-	-	2,421
For Fiscal Year ended June 30, 2011	June 30, 2018	16,648	-	532	(15,205)	-	1,975	17,173
For Fiscal Year ended June 30, 2012	June 30, 2019	6,369	-	177	-	-	6,546	6,522
For Fiscal Year ended June 30, 2013	June 30, 2020	4,330	-	53	-	-	4,383	4,367
For Fiscal Year ended June 30, 2014	June 30, 2021	35,820	-	130	-	-	35,950	-
Total RTCIP Funds		71,207	-	2,647	(25,000)	-	48,854	37,857
GASB 31 Market Value Adjustment		-	-	395	-	-	395	371
Total RTCIP Funds		<u>\$ 71,207</u>	<u>\$ -</u>	<u>\$ 3,042</u>	<u>\$ (25,000)</u>	<u>\$ -</u>	<u>\$ 49,249</u>	<u>\$ 38,228</u>

Note: Current year interest allocated based on beginning balance of prior years collections (plus previously allocated interest less current year expenditures) and current year RTCIP collections.

**COUNTY OF SAN DIEGO, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the County of San Diego, California (County), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The County's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We **identified** the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.



Results: No exceptions were noted as a result of our procedures.

e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.

i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The County recorded total *TransNet* expenditures in the amount of \$2,535,977. We selected \$960,430 (37.87%) for testing. No exceptions were noted as a result of our procedures.

iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: Indirect costs were allocated to the projects included in the RTIP, using an overhead ratio of total overhead costs to direct labor costs. Multiple rates were used due to different cost codes. The indirect cost rate has not been reviewed by a cognizant agency. The indirect cost rates are updated on an annual basis by the County. The methodology

used to calculate the indirect cost rate appears reasonable. No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The County is in compliance with the 30% requirement as indicated on the following page:

Fiscal year 2014 apportionment	\$13,886,685
Less: debt service payment	<u>(1,290,558)</u>
Net estimated apportionment	12,596,127
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>3,778,838</u>
Less:	
Local Streets and Roads fund balance	108,021
Local Street Improvement:	
Congestion Relief fund balance	2,076,698
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>2,184,719</u>
Fund balance under apportionment	<u>\$ 1,594,119</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held <u>by County</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$2,076,698	\$ 6,514,938	\$ 8,591,636
Maintenance	<u>-</u>	<u>22,917,776</u>	<u>22,917,776</u>
Totals	<u>\$2,076,698</u>	<u>\$29,432,714</u>	<u>\$31,509,412</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	Principal <u>Payments</u>	Balance <u>June 30, 2014</u>	Interest <u>Payments</u>
2008 Bonds	\$15,153,600	\$ -	\$ 10	\$15,153,610	\$(641,704)
2012 Bonds	4,948,192	-	(473,124)	4,475,068	(175,740)

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the County.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: These procedures are not applicable as the MOE requirement for the County is \$0.

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: These procedures are not applicable for the County.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The County recorded total RTCIP expenditures in the amount of \$63,545. We selected \$26,839 (42.24%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 14.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the County did not charge fund administration expenses to the Program.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the County did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The County provided RTCIP documentation to us for review on October 26, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the County.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The County did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for the County.



18. For SANDAG only, we performed the following procedures:
- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the County.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the County's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

*Magey H. Mc C. P.C.*

Irvine, California  
March 20, 2015

**COUNTY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
CNTY 24	1003046	Cole Grade - High School	\$ 405,362	\$ -	\$ 828	\$ (298,169)	\$ -	\$ 108,021	
		Total Local Streets and Roads	405,362	-	828	(298,169)	-	108,021	
		Total <i>TransNet</i>	\$ 405,362	\$ -	\$ 828	\$ (298,169)	\$ -	\$ 108,021	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief - Pass Through:</b>									
CNTY81		Regional Arterial Management Systems	\$ -	\$ 12,500	\$ -	\$ (12,500)	\$ -	\$ -	(a)
		Total Congestion Relief - Pass Through	-	12,500	-	(12,500)	-	-	
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
CNTY 14	1003303	South Santa Fe - North	(463,544)	465,000	6	-	(1,462)	-	(b)
CNTY 14A	1010123	South Santa Fe - South	2	-	-	-	-	2	(c)
CNTY 21	1003030	Bradley Avenue	40,656	201,000	454	(47,502)	-	194,608	
CNTY 34	1009589	Dye Road Extension	(25,562)	74,000	-	(48,351)	-	87	
		Subtotal Congestion Relief	(448,448)	740,000	460	(95,853)	(1,462)	194,697	

**COUNTY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2014	Notes
		Subtotal Congestion Relief balance carried forward	\$ (448,448)	\$ 740,000	\$ 460	\$ (95,853)	\$ (1,462)	\$ 194,697	
CNTY 35	1009591	Ramona Street Extension	1,377	96,000	33	(81,085)	-	16,325	
CNTY 36	1009592	San Vicente Road South I	1,119,433	1,000,000	5,302	(719,762)	-	1,404,973	
CNTY 38	1009758	Rancho Santa Fe Roundabouts	12	-	-	-	-	12	
CNTY 39	1010404	Bear Valley Parkway	847,636	510,000	1,189	(1,145,473)	21,425	234,777	(d)
CNTY 42	1009690	Otay Mesa Road	1,111	-	4	-	-	1,115	
CNTY 66	1003111	Lonestar Road	50,121	-	186	(2,372)	-	47,935	
CNTY 76	1013679	Jamacha Blvd. Phase 1 & 2	19,887	-	76	-	(19,963)	-	(e)
CNTY 78	1013677	Inland Rail Trail	113,195	120,000	512	(56,843)	-	176,864	
		Total Congestion Relief	1,704,324	2,466,000	7,762	(2,101,388)	-	2,076,698	
		Total Local Street Improvements	1,704,324	2,478,500	7,762	(2,113,888)	-	2,076,698	
		<b>TransNet Environmental Mitigation Program:</b>							
		<b>Competitive Land Management Grant:</b>							
V08	5001133	Saltcreek Recovery	-	-	-	(14,764)	-	(14,764)	(f)
V08	5001587	Lusardi Creek	(4,878)	-	-	(51,073)	-	(55,951)	(g)
V08	5001589	Lakeside Linkage	(15,478)	17,965	-	(22,877)	-	(20,390)	(h)
V08	5001592	Invasive Control Pepper Weed	(12,251)	12,251	-	-	-	-	(i)
V08	5001762	Sycamore Canyon and Goodan Ranch Invasive Removal and Habitat Restoration	-	21,294	-	(35,206)	-	(13,912)	(h)
		Total Competitive Land Management Grant	(32,607)	51,510	-	(123,920)	-	(105,017)	
		Total <i>TransNet</i> Extension	\$ 1,671,717	\$ 2,530,010	\$ 7,762	\$ (2,237,808)	\$ -	\$ 1,971,681	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 2,077,079	\$ 2,530,010	\$ 8,590	\$ (2,535,977)	\$ -	\$ 2,079,702	

**COUNTY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>County Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
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Notes:

- (a) This is the County's cost-share of the installation of the regional traffic signal management software and linking of the local agencies to a common system. The County did not receive this cash and did not incur any expenditures. This was a pass-through managed by SANDAG where all local jurisdiction funding is in lump-sum project CNTY 81.
- (b) Project CNTY14 South Santa Fe North is complete. The remaining funds under CNTY14 in the amount of \$1,462 were transferred to CNTY39 Bear Valley Parkway. The County approved a resolution to amend the RTIP January 28, 2015.
- (c) Project CNTY14A South Santa Fe South did not have any activity in the last two fiscal years. Programmed funds of \$21,000 were carried over to FY 14-15 during the RTIP Adoption.
- (d) CNTY39 Bear Valley Parkway received remaining funds under CNTY14 in the amount of \$1,462 and under CNTY76 in the amount of \$19,963. The County approved a resolution to amend the RTIP on January 28, 2015.
- (e) Project CNTY76 Jamacha Blvd Ph 1 & 2 is complete. The remaining funds under CNTY76 in the amount of \$19,963 were transferred to CNTY39 Bear Valley Parkway. The County approved a resolution to amend the RTIP on January 28, 2015.
- (f) Project 5001133 Saltcreek Recovery incurred qualifying expenditures of \$14,764 and were billed to SANDAG. The reimbursement will be made in FY 14-15.
- (g) Project 5001587 Lusardi Creek incurred qualifying expenditures of \$51,073 and were billed to SANDAG. The reimbursement will be made in FY 14-15.
- (h) Negative project status balance is due to retention withheld by SANDAG. Retention will be released upon project completion.
- (i) Retention in the amount of \$12,591 was released by SANDAG for expenditures incurred in FY 12-13. Project 5001592 Invasive Control Pepper Weed was reported as completed in FY 12-13.

**SCHEDULE B**

**COUNTY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief - Pass Through:</b>							
SAN54/CNTY81		Regional Arterial Management Systems	\$ 25,000	\$ -	\$ (25,000)	\$ -	\$ -
		Total Congestion Relief - Pass Through	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>
<b>Congestion Relief:</b>							
CNTY 14	1003303	South Santa Fe - North	7,833,117	2,345	(7,834,000)	(1,462)	-
CNTY 14A	1010123	South Santa Fe - South	985,300	2,456	(987,754)	-	2
CNTY 21	1003030	Bradley Avenue	1,693,000	53,932	(1,494,324)	(58,000)	194,608
CNTY 34	1009589	Dye Road Extension	937,405	722	(938,040)	-	87
CNTY 35	1009591	Ramona Street Extension	820,330	18,876	(822,881)	-	16,325
CNTY 36	1009592	San Vicente Road South I	4,845,086	6,908	(3,447,021)	-	1,404,973
CNTY 38	1009758	Rancho Santa Fe Roundabouts	516,000	3,608	(414,507)	(105,089)	12
CNTY 39	1010404	Bear Valley Parkway	5,481,835	9,358	(5,653,349)	396,933	234,777
CNTY 42	1009690	Otay Mesa Road	20,000	72	(10,893)	(8,064)	1,115
CNTY 66	1033111	Lonestar Road	233,865	901	(186,831)	-	47,935
CNTY 76	1013679	Jamacha Blvd. Phase 1 & 2	4,163,810	4,643	(4,168,453)	-	-
CNTY 78	1013677	Inland Rail Trail	<u>546,380</u>	<u>1,623</u>	<u>(371,139)</u>	<u>-</u>	<u>176,864</u>
		Total Congestion Relief	<u>28,076,128</u>	<u>105,444</u>	<u>(26,329,192)</u>	<u>224,318</u>	<u>2,076,698</u>
		Total Local Street Improvements	<u>28,101,128</u>	<u>105,444</u>	<u>(26,354,192)</u>	<u>224,318</u>	<u>2,076,698</u>

**SCHEDULE B**

**COUNTY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2014
		Total Local Street Improvements balance carried forward	\$ 28,101,128	\$ 105,444	\$ (26,354,192)	\$ 224,318	\$ 2,076,698
<b>TransNet Environmental Mitigation Program:</b>							
<b>Competitive Land Management Grant:</b>							
V08	5001133	Saltcreek Recovery	84,573	-	(99,337)	-	(14,764)
V08	5001587	Lusardi Creek	43,901	-	(99,852)	-	(55,951)
V08	5001589	Lakeside Linkage	125,468	-	(145,858)	-	(20,390)
V08	5001592	Invasive Control Pepper Weed	43,444	-	(43,444)	-	-
V08	5001762	Sycamore Canyon and Goodan Ranch Invasive Removal and Habitat Restoration	21,294	-	(35,206)	-	(13,912)
		Total Competitive Land Management Grant	318,680	-	(423,697)	-	(105,017)
		Subtotal Cumulative <i>TransNet</i> Extension	28,419,808	105,444	(26,777,889)	224,318	1,971,681
<b>Completed Projects:</b>							
Local Street Improvements:							
		Congestion Relief	29,973,005	619,579	(34,464,905)	3,872,321	-
		Maintenance	9,756,100	776,188	(9,682,329)	(849,959)	-
		Bikes and Pedestrians	125,000	-	(125,000)	-	-
TransNet Environmental Mitigation Program:							
		Competitive Land Management Grant	70,750	-	(70,750)	-	-
		Total Cumulative <i>TransNet</i> Extension	\$ 68,344,663	\$ 1,501,211	\$ (71,120,873)	\$ 3,246,680	\$ 1,971,681

**COUNTY OF SAN DIEGO, CALIFORNIA, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status		Notes
		Funds Received (a)	Other Revenue	Interest Income	Project Expenditures	County Adjustments	June 30, 2014	June 30, 2013	
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 785,479	\$ -	\$ 8,081	\$ (793,560)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2010	June 30, 2017	815,447	-	2,064	(867,910)	50,399	-	-	
For Fiscal Year ended June 30, 2011	June 30, 2018	1,120,191	-	2,461	(1,122,652)	-	-	-	
For Fiscal Year ended June 30, 2012	June 30, 2019	1,253,969	-	2,601	(1,256,570)	-	-	-	
For Fiscal Year ended June 30, 2013	June 30, 2020	699,665	-	1,234	(487,033)	-	213,866	276,976	(b)
For Fiscal Year ended June 30, 2014	June 30, 2021	1,108,576	-	2,257	-	112	1,110,945	-	(c)
Total RTCIP Funds		<u>\$ 5,783,327</u>	<u>\$ -</u>	<u>\$ 18,698</u>	<u>\$ (4,527,725)</u>	<u>\$ 50,511</u>	<u>\$ 1,324,811</u>	<u>\$ 276,976</u>	

Notes:

- (a) The County of San Diego does not have a specific RTCIP fee. The County's Transportation Impact Fee (TIF) Program is the mechanism for complying with the RTCIP. Under the TIF Program, the County collects regional residential fees for compliance with RTCIP. The TIF Program was updated as a result of the County's new General Plan and Mobility Element, BS 10/31/12 #3. The January 2013 TIF Update restructured the funding accounts for local, regional, ramp interchanges, and created a fourth account specifically for the RTCIP fee. In the prior program, RTCIP were part of the TIF Regional Fees.
- (b) Interest income in the amount of \$1,234 includes \$435 interest earned in FY13/14 on FY12/13 cumulative ending balance of \$276,976. Also, project expenditures in the amount of \$(487,033) include \$(63,545) expenditures incurred in FY13/14. The FY13/14 expenditures in the amount of \$(63,545) were reimbursed by FY12/13 cumulative ending balance.
- (c) The \$112 adjustment is due to the FY12/13 2nd quarter interest earned in the TIF fund for RTCIP activities. In FY13/14, this interest was transferred to the RTCIP Fund.

**CITY OF DEL MAR, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014





Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Del Mar, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet*'s general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$911,046. We selected \$243,321 (26.71%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no amounts reported in the adjustments column for the year ended June 30, 2014.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no completed projects as of June 30, 2014.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no negative ending balances for the year ended June 30, 2014.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects for the year ended June 30, 2014.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as indicated on the following page:

Fiscal year 2014 apportionment	\$206,254
Less: debt service payment	<u>(206)</u>
Net estimated apportionment	206,048
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>61,814</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	4,837
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>4,837</u>
Fund balance under apportionment	\$ <u>56,977</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$4,837	\$(49,470)	\$(44,633)
Maintenance	<u>-</u>	<u>49,978</u>	<u>49,978</u>
Totals	\$ <u>4,837</u>	\$ <u>508</u>	\$ <u>5,345</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2013	Additions	Principal Payments	Balance June 30, 2014	Interest Payments
Commercial Paper	\$ -	\$704,000	\$ -	\$704,000	\$206

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2014, is summarized as follows:

	Street and Road	Specialized Transportation Services	Total
Current year local discretionary expenditures	\$615,365	\$21,500	\$636,865
Less MOE base year requirement	<u>(418,597)</u>	<u>(19,288)</u>	<u>(437,885)</u>
Excess MOE for the year ended June 30,2014	<u>\$196,768</u>	<u>\$ 2,212</u>	<u>\$198,980</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index (CPI) for San Diego County over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13a) does not exceed the increase in the CPI (as obtained in procedure 13b).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were



identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 03, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable to the City.

- 16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the

ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable to the City.

18. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: This procedure is not applicable to the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings in the prior year.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Mayor Hoffman A.C. P.C.

Irvine, California  
Mach 20, 2015

**CITY OF DEL MAR, CALIFORNIA**  
*TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 5,313	\$ -	\$ 8	\$ (961)	\$ -	\$ 4,360	
	44.6124.5900/								
DM04	44.6511.5900	Camino del Mar Major Rehabilitation	550	142,700	227	(143,000)	-	477	(a)
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	-	704,000	-	(704,000)	-	-	
		Commercial Paper	-	206	-	(206)	-	-	
		<b>Total Congestion Relief</b>	<u>5,863</u>	<u>846,906</u>	<u>235</u>	<u>(848,167)</u>	<u>-</u>	<u>4,837</u>	
<b>Maintenance:</b>									
DM01	44.6101.5900	Resurfacing and Drainage Project	903	61,876	100	(62,879)	-	-	
		<b>Total Maintenance</b>	<u>903</u>	<u>61,876</u>	<u>100</u>	<u>(62,879)</u>	<u>-</u>	<u>-</u>	
		<b>Total Local Street Improvements</b>	<u>6,766</u>	<u>908,782</u>	<u>335</u>	<u>(911,046)</u>	<u>-</u>	<u>4,837</u>	
		<b>Total TransNet Extension</b>	<u>6,766</u>	<u>908,782</u>	<u>335</u>	<u>(911,046)</u>	<u>-</u>	<u>4,837</u>	
		GASB 31 Fair Market Value Adjustment	(9)	-	-	-	-	(9)	
		<b>Total after GASB 31 Adjustment</b>	<u>\$ 6,757</u>	<u>\$ 908,782</u>	<u>\$ 335</u>	<u>\$ (911,046)</u>	<u>\$ -</u>	<u>\$ 4,828</u>	

Notes:

(a) The project number changed from 44.6124.5900 to 44.6511.5900 this year for DM04 due to street improvements being made on a different part of the street. The new project number represents a complete new project with new bids.

**CITY OF DEL MAR, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 207,060	\$ 459	\$ (203,485)	\$ 326	\$ 4,360
	44.6124.5900/						
DM04	44.6511.5900	Camino del Mar Major Rehabilitation	704,700	1,411	(705,634)	-	477
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	704,000	-	(704,000)	-	-
		Commercial Paper	206	-	(206)	-	-
		<b>Total Congestion Relief</b>	<u>1,615,966</u>	<u>1,870</u>	<u>(1,613,325)</u>	<u>326</u>	<u>4,837</u>
<b>Maintenance:</b>							
DM01	44.6101.5900	Resurfacing and Drainage Project	318,626	644	(319,270)	-	-
		<b>Total Maintenance</b>	<u>318,626</u>	<u>644</u>	<u>(319,270)</u>	<u>-</u>	<u>-</u>
		<b>Total Local Street Improvements</b>	<u>1,934,592</u>	<u>2,514</u>	<u>(1,932,595)</u>	<u>326</u>	<u>4,837</u>
		<b>Total Cumulative <i>TransNet</i> Extension</b>	<u>\$ 1,934,592</u>	<u>\$ 2,514</u>	<u>\$ (1,932,595)</u>	<u>\$ 326</u>	<u>\$ 4,837</u>

**CITY OF DEL MAR, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 14,000	\$ -	\$ 342	\$ (14,342)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	2,165	-	47	-	-	2,212	2,203
For Fiscal Year ended June 30, 2014	June 30, 2021	2,209	-	10	-	-	2,219	-
<b>Total RTCIP Funds</b>		<b>\$ 18,374</b>	<b>\$ -</b>	<b>\$ 399</b>	<b>\$ (14,342)</b>	<b>\$ -</b>	<b>\$ 4,431</b>	<b>\$ 2,203</b>

**CITY OF EL CAJON, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of El Cajon, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.



4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$2,230,594. We selected \$1,293,687 (58.00%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column was explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2014 apportionment	\$2,222,989
Less: debt service payment	_____ -
Net estimated apportionment	2,222,989
30% base	_____ 30%
Fiscal year 2014 30% threshold	_____ 666,897
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	21,569
Maintenance fund balance	_____ 27,920
Total Local Streets and Roads and Local Street Improvement fund balance	_____ 49,489
Fund balance under apportionment	\$ _____ 617,408

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$21,569	\$1,027,539	\$1,049,108
Maintenance	<u>27,920</u>	<u>1,765,324</u>	<u>1,793,244</u>
Totals	<u>\$49,489</u>	<u>\$2,792,863</u>	<u>\$2,842,352</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper and bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$1,792,412
Less MOE base year requirement	<u>(1,595,336)</u>
Excess MOE for year ended June 30, 2014	<u>\$ 197,076</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
  - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
  - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.
  - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
    - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.  
  
Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended within seven years of collection.  
  
Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.
- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.  
  
Results: No exceptions were noted as a result of our procedures.
- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided the RTCIP documentation to us for review on November 20, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.



16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for the City.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as the City did not have any prior year findings.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**CITY OF EL CAJON, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
EL18	PW3433	Pedestrian Safety Johnson Ave	\$ 31,853	\$ -	\$ -	\$ (31,853)	\$ -	\$ -	(a)
		Total Local Streets and Roads	31,853	-	-	(31,853)	-	-	
		Total <i>TransNet</i>	\$ 31,853	\$ -	\$ -	\$ (31,853)	\$ -	\$ -	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief Pass Through:</b>									
EL06	N/A	Regional Arterial Management Systems	\$ -	\$ 9,700	\$ -	\$ (9,700)	\$ -	\$ -	
		Total Congestion Relief Pass Through	-	9,700	-	(9,700)	-	-	
<b>Congestion Relief:</b>									
EL03	PW3432/PW3486 PW3409/PW3411/P W3436/PW3487/PW	Various Overlay Projects	13,976	1,434,000	-	(1,500,646)	-	(52,670)	(b)
EL06	3488/PW3493	Traffic Signal Projects	11,904	133,000	-	(140,055)	129	4,978	(c)
EL18	PW3433	Pedestrian Safety Johnson Ave	-	50,000	-	(34,677)	(15,323)	-	(a),(d)
EL27	PW3432	Pedestrian Safety Greenfield	36,424	122,000	-	(124,210)	-	34,214	
EL28	PW3402	Intersection Improvement Jamacha & Main	118,471	80,000	-	(186,996)	(11,475)	-	(a),(e)
EL29	PW3491	Traffic Safety Calming	-	18,000	-	(17,381)	11,475	12,094	(e)
EL30	PW3482	Second & Madison Intersection Improvemeni	-	36,000	-	(28,112)	15,323	23,211	(d)
		Total Congestion Relief	180,775	1,873,000	-	(2,032,077)	129	21,827	

**CITY OF EL CAJON, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>Maintenance:</b>									
EL11	PW3405	Sidewalk	\$ 5,094	\$ -	\$ -	\$ -	\$ -	\$ 5,094	
EL21	PW3408/PW3490	Street Resurfacing	32,519	56,000	-	(73,523)	-	14,996	
EL25	PW3375/PW3489	Slope Repair Fletcher Pkwy	7,271	84,000	-	(83,441)	-	7,830	
Total Maintenance			44,884	140,000	-	(156,964)	-	27,920	
Total Local Street improvements			225,659	2,022,700	-	(2,198,741)	129	49,747	
Interest Income			4,607	-	119	-	-	4,726	
Total <i>TransNet</i> Extension			230,266	2,022,700	119	(2,198,741)	129	54,473	
Total <i>TransNet</i> and <i>TransNet</i> Extension			262,119	2,022,700	119	(2,230,594)	129	54,473	
GASB 31 Fair Market Value Adjustment			(1,569)	-	77	-	-	(1,492)	
Total after GASB 31 Adjustment			\$ 260,550	\$ 2,022,700	\$ 196	\$ (2,230,594)	\$ 129	\$ 52,981	

Notes:

- (a) Project is complete.
- (b) The City will request a draw in FY 2014/2015 to remove the EL03 deficit (\$52,670).
- (c) \$129 was received from San Diego Gas & Electric for EL24. As the remaining funds for this closed project were previously transferred to EL06 during FY 12, an adjustment to EL06 has been made to reflect the reimbursement received.
- (d) Balance transferred via RTIP amendment 14-03 to EL30. The City obtained City Council approval of this transfer through Resolution 016-15 in February 2015.
- (e) Balance transferred via RTIP amendment 14-03 to EL29. The City obtained City Council approval of this transfer through Resolution 016-15 in February 2015.

**SCHEDULE B**

**CITY OF EL CAJON, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief - Pass Through:</b>							
EL06	N/A	Regional Arterial Management Systems	\$ 19,400	\$ -	\$ (19,400)	\$ -	\$ -
		Total Congestion Relief Pass Through	<u>19,400</u>	<u>-</u>	<u>(19,400)</u>	<u>-</u>	<u>-</u>
<b>Congestion Relief:</b>							
EL03	PW3171/PW3252/PW3306/PW3340/PW3345-C/PW3431PW3432/PW3486	Various Overlay Projects	6,509,000	-	(6,958,288)	396,618	(52,670)
EL06	PW3409/PW3411/PW3436/PW3487/PW3488/PW3493	Traffic Signal Projects	363,000	-	(366,617)	8,595	4,978
EL18	PW3433	Pedestrian Safety Johnson Ave	150,000	-	(34,677)	(115,323)	-
EL27	PW3432	Pedestrian Safety Greenfield	162,000	-	(127,786)	-	34,214
EL28	PW3402	Intersection Improvement Jamacha & Main	100,000	-	(188,525)	88,525	-
EL29	PW3491	Traffic Safety Calming	18,000	-	(17,381)	11,475	12,094
EL30	PW3482	Second & Madison Intersection Improvement	<u>36,000</u>	<u>-</u>	<u>(28,112)</u>	<u>15,323</u>	<u>23,211</u>
		Total Congestion Relief	<u>7,338,000</u>	<u>-</u>	<u>(7,721,386)</u>	<u>405,213</u>	<u>21,827</u>

**CITY OF EL CAJON, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>Maintenance:</b>							
EL11	PW3405	Sidewalk	\$ 260,000	\$ -	\$ (255,862)	\$ 956	\$ 5,094
	PW3265/PW3292/PW3309/ PW3345-						
EL21	M/PW3408/PW3490	Street Resurfacing	1,696,000	-	(1,689,750)	8,746	14,996
EL25	PW3375/PW3489	Slope Repair Fletcher Pkwy	<u>159,000</u>	<u>-</u>	<u>(151,170)</u>	<u>-</u>	<u>7,830</u>
Total Maintenance			<u>2,115,000</u>	<u>-</u>	<u>(2,096,782)</u>	<u>9,702</u>	<u>27,920</u>
Interest Income			<u>-</u>	<u>4,726</u>	<u>-</u>	<u>-</u>	<u>4,726</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>9,472,400</u>	<u>4,726</u>	<u>(9,837,568)</u>	<u>414,915</u>	<u>54,473</u>
<b>Completed Projects:</b>							
Local Street Improvements:							
		Congestion Relief	1,380,000	-	(974,916)	(405,084)	-
		Maintenance	<u>207,000</u>	<u>-</u>	<u>(298,059)</u>	<u>91,059</u>	<u>-</u>
Total Completed Projects			<u>1,587,000</u>	<u>-</u>	<u>(1,272,975)</u>	<u>(314,025)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$11,059,400</u>	<u>\$ 4,726</u>	<u>\$ (11,110,543)</u>	<u>\$ 100,890</u>	<u>\$ 54,473</u>

**CITY OF EL CAJON CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status		Notes
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013	
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 2,000	\$ -	\$ 141	\$ -	\$ -	\$ 2,141	\$ 2,134	
For Fiscal Year ended June 30, 2010	June 30, 2017	89,760	-	4,047	-	-	93,807	93,499	
For Fiscal Year ended June 30, 2011	June 30, 2018	22,440	-	615	-	(451)	22,604	23,429	(a)
For Fiscal Year ended June 30, 2012	June 30, 2019	451	-	8	-	-	459	457	
For Fiscal Year ended June 30, 2013	June 30, 2020	19,485	-	156	-	-	19,641	19,577	
For Fiscal Year ended June 30, 2014	June 30, 2021	50,807	-	167	-	(766)	50,208	-	(b)
Subtotal RTCIP Funds		184,943	-	5,134	-	(1,217)	188,860	139,096	
GASB 31 fair market value adjustment		-	-	(277)	-	-	(277)	(57)	
Total RTCIP Funds		<u>\$ 184,943</u>	<u>\$ -</u>	<u>\$ 4,857</u>	<u>\$ -</u>	<u>\$ (1,217)</u>	<u>\$ 188,583</u>	<u>\$ 139,039</u>	

Notes:

(a) The 2013 TransNet Report Schedule C overstated 2011 funds received by \$451.

(b) Adjustment to reverse interest accrued which was included from FYE 2009 to FYE 2013.

**CITY OF ENCINITAS, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014





Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Encinitas, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$909,520. We selected \$391,929 (43.09%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement. The fund balance was under the apportionment as follows:

Fiscal year 2014 apportionment	\$1,505,734
Less: debt service payment	<u>          -</u>
Net estimated apportionment	1,505,734
30% base	<u>          30%</u>
Fiscal year 2014 30% threshold	<u>      451,720</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	223,035
Maintenance fund balance	<u>      (78,691)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>      144,344</u>
Fund balance under apportionment	<u>\$  307,376</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$223,035	\$2,938,048	\$3,161,083
Maintenance	<u>(78,691)</u>	<u>2,565,649</u>	<u>2,486,958</u>
Totals	<u>\$144,344</u>	<u>\$5,503,697</u>	<u>\$5,648,041</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there was no commercial paper or bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2014, is summarized as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Total</u>
Current year local discretionary expenditures	\$4,455,217	\$5,204	\$4,460,421
Less MOE base year requirement	<u>(1,892,771)</u>	<u>(52)</u>	<u>(1,892,823)</u>
Excess MOE for the fiscal year ended June 30, 2014	<u>\$2,562,446</u>	<u>\$5,152</u>	<u>\$2,567,598</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained procedure 13.b).

Results: This procedure is not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
  - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.
 

Results: No exceptions were noted as a result of our procedures.
  - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.
 

Results: No exceptions were noted as a result of our procedures.
  - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
    - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP



general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on September 2, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: This procedure is not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**CITY OF ENCINITAS, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief Pass Through:</b>									
ENC 28	CS02G	Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
Total Congestion Relief - Pass Through			-	7,400	-	(7,400)	-	-	
<b>Congestion Relief:</b>									
ENC 14A	CS12A	FY 11/12 Annual Street Overlay	11,836	-	-	-	(11,836)	-	(a)
ENC 14A	CS13A	FY 12/13 Annual Street Overlay	202,949	-	319	-	(203,268)	-	(a)
ENC 14A	CS14A	FY 13/14 Annual Street Overlay	-	390,000	-	(387,356)	215,104	217,748	(a)
Subtotal ENC 14A Projects			214,785	390,000	319	(387,356)	-	217,748	
ENC 19	CS02F	Traffic safety and calming	(18,204)	42,937	-	-	(24,733)	-	(a)
ENC 19	CS07C	ENTMP-1 Rubenstein/Summit/West	(21,433)	-	-	(3,600)	24,733	(300)	(a)(b)
ENC 19	CS12F	Gardendale Traffic Calming & SR2S Project	9,624	-	-	(11,540)	-	(1,916)	(b)
ENC 19	CS14G	Urania Ave Neighborhood Traffic Calming	-	-	-	(19,483)	-	(19,483)	(b)
Subtotal ENC 19 Projects			(30,013)	42,937	-	(34,623)	-	(21,699)	
ENC 20	CS04D	No. Coast Hwy 101 streetscape	133,916	50,000	199	(211,672)	-	(27,557)	(b)
ENC 28	CS02G	Traffic Signal Modification	66,671	5,000	99	(14,007)	(3,220)	54,543	(a)
ENC 28	CS14E	Upgrade Traffic Signals - El Camino	-	-	-	(1,610)	1,610	-	(a)
ENC 28	CS14F	Upgrade Traffic Signals - Leucadia Blvd	-	-	-	(1,610)	1,610	-	(a)
Subtotal ENC 28 Projects			66,671	5,000	99	(17,227)	-	54,543	
Total Congestion Relief			385,359	487,937	617	(650,878)	-	223,035	

**CITY OF ENCINITAS, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
<b>Maintenance:</b>									
ENC 17	CS01E	Safe Route to Schools-Phase II	\$ (359)	\$ 201,632	\$ -	\$ (6,611)	\$ (194,662)	\$ -	(a)
ENC 17	CS13B	Intersection Improvements Hwy 101 & K Street	(2,782)	-	-	(194,268)	168,722	(28,328)	(a)(b)
ENC 17	CS13D	Enc Let's Move Pedestrian Travel & SR2S Plan	(3,525)	-	-	(14,771)	3,525	(14,771)	(a)(b)
ENC 17	CS13E	Encinitas Blvd SR2S Improvements	(53)	-	-	-	53	-	(c)
ENC 17	CS07B	Santa Fe Dr/I-5 MacKinnon Improvements	(22,415)	-	-	(35,592)	22,415	(35,592)	(a)(b)
Subtotal ENC 17 Projects			(29,134)	201,632	-	(251,242)	53	(78,691)	
Total Maintenance			(29,134)	201,632	-	(251,242)	53	(78,691)	
Total Local Street Improvements			356,225	689,569	617	(902,120)	53	144,344	
Total <i>TransNet</i> Extension			\$ 356,225	\$ 696,969	\$ 617	\$ (909,520)	\$ 53	\$ 144,344	

Notes

- (a) Adjustments made as a interproject (MPO ID) transfer.
- (b) Funding will be requested in FY15 to remove deficit.
- (c) Expenditures incurred in FY13 were identified to have been from an alternate funding source. An adjustment to reimburse the *TransNet* fund was made.

**CITY OF ENCINITAS, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
<b>TransNet Extension:</b>								
<b>Local Street Improvements:</b>								
<b>Congestion Relief Pass Through:</b>								
ENC 28	CS02G	Regional Arterial Management Systems	\$ 14,800	\$ -	\$ (14,800)	\$ -	\$ -	
Total Congestion Relief - Pass Through			<u>14,800</u>	<u>-</u>	<u>(14,800)</u>	<u>-</u>	<u>-</u>	
<b>Local Street Improvements:</b>								
<b>Congestion Relief:</b>								
ENC 14A	CS12A	FY 11/12 Annual Street Overlay	350,000	1,307	(145,044)	(206,263)	-	
ENC 14A	CS13A	FY 12/13 Annual Street Overlay	410,000	319	(694,638)	284,319	-	
ENC 14A	CS14A	FY 13/14 Annual Street Overlay	<u>390,000</u>	<u>-</u>	<u>(387,356)</u>	<u>215,104</u>	<u>217,748</u>	
Subtotal ENC 14A Projects			<u>1,150,000</u>	<u>1,626</u>	<u>(1,227,038)</u>	<u>293,160</u>	<u>217,748</u>	
ENC 19	CS02F	Traffic safety and calming	707,937	129	(68,872)	(639,194)	-	
ENC 19	CS07C	ENTMP-1 Rubenstein/Summit/West	-	-	(546,027)	545,727	(300)	
ENC 19	CS12F	Gardendale Traffic Calming & SR2S Project	-	-	(95,383)	93,467	(1,916)	
ENC 19	CS14G	Urania Ave Neighborhood Traffic Calming	<u>-</u>	<u>-</u>	<u>(19,483)</u>	<u>-</u>	<u>(19,483)</u>	
Subtotal ENC 19 Projects			<u>707,937</u>	<u>129</u>	<u>(729,765)</u>	<u>-</u>	<u>(21,699)</u>	
ENC 20	CS04D	No. Coast Hwy 101 streetscape	<u>860,000</u>	<u>724</u>	<u>(888,281)</u>	<u>-</u>	<u>(27,557)</u>	
ENC 28	CS02G	Traffic signal modification	255,000	340	(188,615)	(12,182)	54,543	
ENC 28	CS14E	Upgrade Traffic Signals - El Camino	-	-	(1,610)	1,610	-	
ENC 28	CS14F	Upgrade Traffic Signals - Leucadia Blvd	<u>-</u>	<u>-</u>	<u>(1,610)</u>	<u>1,610</u>	<u>-</u>	
Subtotal ENC 28 Projects			<u>255,000</u>	<u>340</u>	<u>(191,835)</u>	<u>(8,962)</u>	<u>54,543</u>	
Total Congestion Relief			<u>2,972,937</u>	<u>2,819</u>	<u>(3,036,919)</u>	<u>284,198</u>	<u>223,035</u>	

**CITY OF ENCINITAS, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
<b>Maintenance:</b>								
ENC 17	CS01E	Safe Route to Schools - Phase II	\$ 841,916	\$ -	\$ (34,288)	\$ (807,628)	\$ -	
ENC 17	CS13B	Intersection Improvements Hwy 101 & K Street	-	-	(197,050)	168,722	(28,328)	
ENC 17	CS13D	Enc Let's Move Pedestrian Travel & SR2S Plan	-	-	(18,296)	3,525	(14,771)	
ENC 17	CS13E	Encinitas Blvd SR2S Improvements	-	-	(53)	53	-	
ENC 17	CS07B	Santa Fe Dr/I-5 MacKinnon Improvements	-	-	(58,007)	22,415	(35,592)	
Subtotal ENC 17 Projects			<u>841,916</u>	<u>-</u>	<u>(307,694)</u>	<u>(612,913)</u>	<u>(78,691)</u>	
Total Maintenance			<u>841,916</u>	<u>-</u>	<u>(307,694)</u>	<u>(612,913)</u>	<u>(78,691)</u>	
Subtotal Cumulative <i>TransNet</i> Extension			<u>3,829,653</u>	<u>2,819</u>	<u>(3,359,413)</u>	<u>(328,715)</u>	<u>144,344</u>	
<b>Completed Projects:</b>								
Local Street Improvements:								
Congestion Relief			2,201,102	370	(2,086,636)	(114,836)	-	
Maintenance			<u>200,000</u>	<u>-</u>	<u>(834,871)</u>	<u>634,871</u>	<u>-</u>	
Total Local Street Improvement			<u>2,401,102</u>	<u>370</u>	<u>(2,921,507)</u>	<u>520,035</u>	<u>-</u>	
Environmental Mitigation Grant			<u>-</u>	<u>52,744</u>	<u>(52,744)</u>	<u>-</u>	<u>-</u>	(a)
Total Completed Projects			<u>2,401,102</u>	<u>53,114</u>	<u>(2,974,251)</u>	<u>520,035</u>	<u>-</u>	
Total Cumulative <i>TransNet</i> Extension			<u>\$ 6,230,755</u>	<u>\$ 55,933</u>	<u>\$ (6,333,664)</u>	<u>\$ 191,320</u>	<u>\$ 144,344</u>	

Notes

(a) Prior to FY13 the Environmental Mitigation Grant (EMG) was reporting as pass-through in the SANDAG schedule. In FY13, EMG was reported in the City Schedule.

**CITY OF ENCINITAS, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	34,680	-	377	-	-	35,057	34,990
For Fiscal Year ended June 30, 2011	June 30, 2018	206,214	-	1,785	-	-	207,999	207,604
For Fiscal Year ended June 30, 2012	June 30, 2019	138,651	-	775	-	-	139,426	139,161
For Fiscal Year ended June 30, 2013	June 30, 2020	123,111	-	539	-	-	123,650	123,415
For Fiscal Year ended June 30, 2014	June 30, 2021	176,720	-	337	-	-	177,057	-
<b>Total RTCIP Funds</b>		<b>\$ 679,376</b>	<b>\$ -</b>	<b>\$ 3,813</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 683,189</b>	<b>\$ 505,170</b>



**CITY OF ESCONDIDO, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Escondido, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet*'s general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$3,757,125. We selected \$963,635 (25.65%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2014. The City's indirect cost plan has not been reviewed by a cognizant agency. The City allocates costs out of the various departments and into capital projects by using the engineering time directly charged to a project as the cost basis, and multiplying it by a

set percentage associated with each department. The City's indirect cost plan was last updated during the fiscal year ended June 30, 2014, and the methodology was last reviewed and approved by the City Council during the fiscal year ended June 30, 2014. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column was explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- 7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as indicated on the following page:

Fiscal year 2014 apportionment	\$3,258,924
Less: debt service payment	<u>-</u>
Net estimated apportionment	3,258,924
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>977,677</u>
Less:	
Local Streets and Roads fund balance	3,014,546
Local Street Improvement:	
Congestion Relief fund balance	(367,253)
Maintenance fund balance	<u>(2,483,751)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>163,542</u>
Fund balance under apportionment	<u>\$ 814,135</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (367,253)	\$ 9,917,708	\$9,550,455
Maintenance	<u>(2,483,751)</u>	<u>2,464,911</u>	<u>(18,840)</u>
Totals	<u>\$(2,851,004)</u>	<u>\$12,382,619</u>	<u>\$9,531,615</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not

exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$4,515,347
Less MOE base year requirement	<u>(2,880,601)</u>
Excess MOE for the year ended June 30, 2014	<u>\$1,634,746</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13a) does not exceed the increase in the CPI (as obtained in procedure 13b).

Results: These procedures are not applicable for the City.



14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 5, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

- 16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

18. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: This procedure is not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: The City had one prior year finding related to including ineligible costs for video surveillance equipment and holiday decorations in its *TransNet* extension expenditures. We did not note any ineligible *TransNet* extension expenditures charged for the year ended June 30, 2014, based upon our testing of expenditures. As such, this finding has been resolved.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended Jun 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Margen Hoffman M.C. P.C.

Irvine, California  
March 20, 2015

**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet* and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status June 30, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	\$ 1,639,166	\$ -	\$ 1,442	\$ (99,234)	\$ -	\$ 1,541,374	
ESC08	690309	Felecita & Juniper/Escondido to Chestnut	291,396	-	172	-	-	291,568	(a)
ESC13	690329	SR78 Bridge Widening at Nordahl	270,871	-	160	(23,283)	(7,198)	240,550	(b)
ESC24	690029	Centre City/Highway 78 to Mission Ave	320,181	-	189	(3,536)	-	316,834	
ESC29	691704	Citracado/Interstate 15 to West Valley	623,852	-	368	-	-	624,220	
Total Local Streets and Roads			<u>\$ 3,145,466</u>	<u>\$ -</u>	<u>\$ 2,331</u>	<u>\$ (126,053)</u>	<u>\$ (7,198)</u>	<u>\$ 3,014,546</u>	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
ESC02	690219	Bear Valley/East Valley/Valley Center	\$ (1,572,482)	\$ 1,600,000	\$ -	\$ (8,748)	\$ -	\$ 18,770	
ESC02A	691705	East Valley/Valley Center Road	322,534	-	190	(481,737)	-	(159,013)	(c)
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	837,101	-	493	(85,882)	-	751,712	
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	808,084	-	-	-	-	808,084	(d)
ESC27	694101	Maple Street Pedestrian Plaza	23,720	-	14	(9,717)	-	14,017	
ESC35	691102	Bear Valley Pkwy/San Pasqual to Boyle	-	-	-	(200,000)	-	(200,000)	(c)
ESC36	691201	Valley Blvd Relocation	-	-	-	(23,941)	-	(23,941)	(c)
ESC38	697403	Pavement Rehabilitation FY 14	-	-	-	(1,522,325)	-	(1,522,325)	(c)
ESC39	691402	Traffic Signals & Intersections FY 14	-	-	-	(54,557)	-	(54,557)	(c)
Total Congestion Relief			<u>418,957</u>	<u>1,600,000</u>	<u>697</u>	<u>(2,386,907)</u>	<u>-</u>	<u>(367,253)</u>	

**SCHEDULE A**

**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status June 30, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>Maintenance:</b>									
ESC11	697402	Street Maintenance	\$ (1,482,792)	\$ 1,500,000	\$ -	\$ (159,059)	\$ -	\$ (141,851)	(c)
ESC11	697001	Street Maintenance - ARRA	(1,414,294)	-	-	(5,696)	-	(1,419,990)	(c)
		Total ESC11 Project	(2,897,086)	1,500,000	-	(164,755)	-	(1,561,841)	
ESC37	697404	Pavement Maintenance FY 14	-	-	-	(921,910)	-	(921,910)	(c)
		Total Maintenance	(2,897,086)	1,500,000	-	(1,086,665)	-	(2,483,751)	
		Total Local Street Improvements	(2,478,129)	3,100,000	697	(3,473,572)	-	(2,851,004)	
<b>Bikes and Pedestrian:</b>									
ESC21	698501	Master Plan-Bicycle Facilities	8,092	(8,094)	-	-	2	-	(e)
ESC32	691104	Lighting/Restriping- Escondido Creek Bike Path	-	-	-	(157,500)	-	(157,500)	(f)
		Total Bikes and Pedestrian	8,092	(8,094)	-	(157,500)	2	(157,500)	
		Total <i>TransNet</i> Extension	(2,470,037)	3,091,906	697	(3,631,072)	2	(3,008,504)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	675,429	3,091,906	3,028	(3,757,125)	(7,196)	6,042	
<b>Non-TransNet:</b>									
		US Department of Transportation Grant	760,242	-	-	-	7,198	767,440	(b)
		Total Non- <i>TransNet</i>	760,242	-	-	-	7,198	767,440	
		Total <i>TransNet</i> , <i>TransNet</i> Extension and Non- <i>TransNet</i>	\$ 1,435,671	\$ 3,091,906	\$ 3,028	\$ (3,757,125)	\$ 2	\$ 773,482	

**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Project</u>	<u>Project Name</u>	<u>Project Status June 30, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
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Notes:

- (a) ESC 08 has not had any expenditures because additional funding is needed in order to move forward with the project. The project is currently on hold. Funds will be reprogrammed in FY15 with City Council action - Resolution # 2015-90 and RTIP Amendment 14-05.
- (b) The adjustment to ESC 13 is to reflect prior year grant expenditures in the amount of \$7,198 that were not reimbursable grant expenditures and should have been recorded as *TransNet* expenditures.
- (c) To remain in compliance with SANDAG Board Policy No. 31, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 2014.
- (d) ESC06 has both Local Streets and Roads and Local Street Improvement money programmed toward the project. The current year expenditures are shown under the Local Streets and Roads section.
- (e) There is a \$2 adjustment between the audit schedules and the actual amount the City had in funds on hand. The actual amount on hand was returned to SANDAG in FY 2014, as the project was completed in the prior year.
- (f) The City has submitted a reimbursement request from SANDAG for ESC32 and is awaiting payment.

**SCHEDULE B**

**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
ESC02	690219	Bear Valley/East Valley/Valley Center	\$ 1,600,000	\$ -	\$ (1,555,630)	\$ (25,600)	\$ 18,770
ESC02A	691705	East Valley/Valley Center Road	-	130	(504,856)	345,713	(159,013)
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	-	321	(236,246)	987,637	751,712
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	-	-	-	808,084	808,084
ESC27	694101	Maple Street Pedestrian Plaza	272,629	(31)	(837,844)	579,263	14,017
ESC35	691102	Bear Valley Pkwy/San Pasqual to Boyle	-	-	(200,000)	-	(200,000)
ESC36	691201	Valley Blvd Relocation	-	-	(23,941)	-	(23,941)
ESC38	697403	Pavement Rehabilitation FY 14	-	-	(1,522,325)	-	(1,522,325)
ESC39	691402	Traffic Signals & Intersections FY 14	-	-	(54,557)	-	(54,557)
		<b>Total Congestion Relief</b>	<b>1,872,629</b>	<b>420</b>	<b>(4,935,399)</b>	<b>2,695,097</b>	<b>(367,253)</b>
<b>Maintenance:</b>							
ESC11	697402	Street Maintenance	3,272,700	-	(3,322,372)	(92,179)	(141,851)
ESC11	697001	Street Maintenance - ARRA	800,000	-	(2,219,990)	-	(1,419,990)
		<b>Total ESC11 Project</b>	<b>4,072,700</b>	<b>-</b>	<b>(5,542,362)</b>	<b>(92,179)</b>	<b>(1,561,841)</b>
ESC37	697404	Pavement Maintenance FY14	-	-	(921,910)	-	(921,910)
		<b>Total Maintenance</b>	<b>4,072,700</b>	<b>-</b>	<b>(6,464,272)</b>	<b>(92,179)</b>	<b>(2,483,751)</b>
		<b>Total Local Street Improvements</b>	<b>5,945,329</b>	<b>420</b>	<b>(11,399,671)</b>	<b>2,602,918</b>	<b>(2,851,004)</b>
<b>Bikes and Pedestrian:</b>							
ESC21	698501	Master Plan-Bicycle Facilities	48,180	336	(48,518)	2	-
ESC32	691104	Lighting/Restriping - Escondido Creek Bike Path	-	-	(157,500)	-	(157,500)
		<b>Total Bikes and Pedestrian</b>	<b>48,180</b>	<b>336</b>	<b>(206,018)</b>	<b>2</b>	<b>(157,500)</b>
		<b>Subtotal Cumulative TransNet Extension</b>	<b>5,993,509</b>	<b>756</b>	<b>(11,605,689)</b>	<b>2,602,920</b>	<b>(3,008,504)</b>



**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>Completed Projects</b>							
		Congestion Relief	3,137,765	-	(1,086,800)	(2,050,965)	-
		Congestion Relief Pass Through	344,086	-	-	(344,086)	-
		Maintenance	15,295	-	(105,412)	90,117	-
		Completed Bikes and Pedestrian	747,657	4,291	(974,472)	222,524	-
		<b>Total Completed Projects</b>	<u>4,244,803</u>	<u>4,291</u>	<u>(2,166,684)</u>	<u>(2,082,410)</u>	<u>-</u>
		<b>Total Cumulative <i>TransNet</i> Extension</b>	<u>\$ 10,238,312</u>	<u>\$ 5,047</u>	<u>\$ (13,772,373)</u>	<u>\$ 520,510</u>	<u>\$ (3,008,504)</u>

**CITY OF ESCONDIDO, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 18,000	\$ 3,358	\$ -	\$ -	\$ 21,358	\$ 20,842
For Fiscal Year ended June 30, 2010	June 30, 2017	63,120	7,209	-	-	70,329	68,630
For Fiscal Year ended June 30, 2011	June 30, 2018	24,767	2,039	-	-	26,806	26,158
For Fiscal Year ended June 30, 2012	June 30, 2019	21,351	1,314	-	-	22,665	22,117
For Fiscal Year ended June 30, 2013	June 30, 2020	43,384	2,078	-	-	45,462	44,364
For Fiscal Year ended June 30, 2014	June 30, 2021	<u>187,765</u>	<u>4,648</u>	<u>-</u>	<u>-</u>	<u>192,413</u>	<u>-</u>
Total RTCIP Funds		<u>\$ 358,387</u>	<u>\$ 20,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,033</u>	<u>\$ 182,111</u>

**CITY OF IMPERIAL BEACH, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Imperial Beach, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: We noted the Street Maintenance – Operations project (MPO ID IB02) did not have an identifying recipient agency project number. This project consisted of numerous small projects. The Public Works Department uses work requests instead of project numbers. For the year ended June 30, 2014, there were 38 work requests for maintenance. No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.

- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$797,061. We selected \$322,777 (40.50%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year’s Schedule A.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no completed projects as of June 30, 2014.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is not in compliance with the 30% requirement as indicated on the following page.



Fiscal year 2014 apportionment	\$644,186
Less: debt service payment	<u>-</u>
Net estimated apportionment	644,186
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>193,256</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	429,812
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>429,812</u>
Fund balance over (under) apportionment	<u>\$(236,556)</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$429,812	\$465,642	\$ 895,454
Maintenance	<u>-</u>	<u>56,728</u>	<u>56,728</u>
Totals	<u>\$429,812</u>	<u>\$522,370</u>	<u>\$952,182</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no commercial paper or bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not

exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$250,000
Less MOE base year requirement	<u>(247,546)</u>
Excess MOE for fiscal year ended June 30, 2014	\$ <u>2,454</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13a) does not exceed the increase in the CPI (as obtained in procedure 13b).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: The City is not in compliance with the RTCIP exaction fee requirement. See Finding 1 in the Findings and Recommendations section of this report.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 29, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

- 16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

18. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: This procedure is not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations in the prior year report for the year ended June 30, 2013.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: See the Findings and Recommendations section of this report.

The City's written response to the recommendations identified in the procedures performed is described in the accompanying Findings and Recommendations section of this report. We did not perform additional agreed-upon procedures related to the City's response and express no opinion on it.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman M.C. R.C.*

Irvine, California  
March 20, 2015

# CITY OF IMPERIAL BEACH, CALIFORNIA

## Report on Agreed-Upon Procedures Applied to the *TransNet* Fund

### Findings and Recommendations

Year Ended June 30, 2014

**(1) Need to Use Approved Exaction Fee**

Per review of the City’s exaction fee collections as of June 30, 2014, the City is not in compliance with the required exaction amount of \$2,209. In 10 out of 10 applications, the exaction fee was based upon the fiscal year (FY) 2012-13 exaction fee of \$2,165, instead of the FY 2013-14 exaction fee of \$2,209. This resulted in an under-collection of the exaction fee in the amount of \$437 as follows:

<u>Application No.</u>	<u>Dwelling Increase</u>	<u>Audited Amount</u>	<u>Amount Charged</u>	<u>Variance</u>
13-0000097	1278 4 <sup>th</sup> Street	\$ 2,209	\$ 2,166	\$ 43
13-0000098	1280 14 <sup>th</sup> Street	2,209	2,166	43
13-00000158	1255 5 <sup>th</sup> Street	2,209	2,165	44
13-00000159	1261 5 <sup>th</sup> Street	2,209	2,165	44
13-00000195	1181 Florida Street	2,209	2,165	44
13-00000223	559 12 <sup>th</sup> Street	2,209	2,166	43
13-00000553	1165 Georgia Street	2,209	2,165	44
13-00000400	1030 10 <sup>th</sup> Street	2,209	2,165	44
14-00000116	964 8 <sup>th</sup> Street	2,209	2,165	44
14-00000180	130 Donax Avenue	<u>2,209</u>	<u>2,165</u>	<u>44</u>
Totals		<u>\$22,090</u>	<u>\$21,653</u>	<u>\$437</u>

SANDAG Board recommendations as of February 22, 2013 and subsequent approval states, in part:

“...the Board of Directors is asked to approve a 2 percent adjustment to the Regional Transportation Congestion Improvement Program (RTCIP) raising the minimum fee from \$2,165 to \$2,209 beginning July 1, 2013.”

Additionally, Board Policy 031, Rule #23 B.5 states in part:

“...if, however, the audit establishes a local agency did not provide its full monetary contribution under the RTCIP and the local agency does not cure defects of which it was notified by the time the audit is finalized and adopted by the ITOC, then the local agency will have forfeited its Section 4(D)(1) contribution. Any amount paid to the local agency in the fiscal year that was the subject of the audit will be retroactively owed to the Commission...”

## CITY OF IMPERIAL BEACH, CALIFORNIA

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Findings and Recommendations

(Continued)

(1) **Need to Use Approved Exaction Fee (Continued)**

**Recommendation**

We recommend that the City recover the under-collection of exaction fees in the amount of \$437. Additionally, we recommend that the City update and collect the proper exaction on a yearly basis to be in compliance with the RTCIP fees.

**Management Response**

The City has updated the system to collect the correct amount for the RTCIP exaction fee. Additionally, the City has invoiced the individuals in which the permits were issued to, in the amount of \$437, to reconcile the difference between the fees collected and the amount that should have been collected when the permits were first issued. As of June 2015, the City has collected a total of \$393 of the exaction fee shortfall. Approval from SANDAG was granted for a one-time exception to the Rule to transfer the remaining fees owed of \$44 from the General Fund.



**CITY OF IMPERIAL BEACH, CALIFORNIA**  
*TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status June 30, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
IB12	S05104/S12104 SP1309/S11101	Major Street Improvements	\$ 743,484	\$ 234,600	\$ 1,733	\$ (400,561)	\$ (149,444)	\$ 429,812	(a)
		Total Congestion Relief	<u>743,484</u>	<u>234,600</u>	<u>1,733</u>	<u>(400,561)</u>	<u>(149,444)</u>	<u>429,812</u>	
<b>Maintenance:</b>									
IB02	N/A	Street Maintenance - Operations	<u>(369,515)</u>	<u>396,500</u>	<u>-</u>	<u>(396,500)</u>	<u>151,933</u>	<u>(217,582)</u>	(a)(b)
		Total Maintenance	<u>(369,515)</u>	<u>396,500</u>	<u>-</u>	<u>(396,500)</u>	<u>151,933</u>	<u>(217,582)</u>	
		Total <i>TransNet</i> Extension	<u>373,969</u>	<u>631,100</u>	<u>1,733</u>	<u>(797,061)</u>	<u>2,489</u>	<u>212,230</u>	
		GASB 31 Fair Market Value Adjustment	<u>292</u>	<u>-</u>	<u>164</u>	<u>-</u>	<u>-</u>	<u>456</u>	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	<u>\$ 374,261</u>	<u>\$ 631,100</u>	<u>\$ 1,897</u>	<u>\$ (797,061)</u>	<u>\$ 2,489</u>	<u>\$ 212,686</u>	

Notes:

- (a) An offsetting adjustment in the amount of \$151,933 reducing the expenditures of IB02 and increasing the expenditures of IB12 is required due to charging the wrong projects in FY 2013. Also, an adjustment is required in the amount of \$2,489 to IB12 to reconcile to the fund balance.
- (b) To remain in compliance with SANDAG Board Policy No. 31, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), no additional funding will be requested until the City is in compliance.

**CITY OF IMPERIAL BEACH, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>
		<b>TransNet Extension:</b>					
		<b>Local Street Improvements:</b>					
		<b>Congestion Relief:</b>					
IB12	S05104/S12104 SP1309/S11101	Major Street Improvements	\$ 2,398,579	\$ 22,791	\$ (2,396,350)	\$ 404,792	\$ 429,812
		Total Congestion Relief	<u>2,398,579</u>	<u>22,791</u>	<u>(2,396,350)</u>	<u>404,792</u>	<u>429,812</u>
		<b>Maintenance:</b>					
IB02	N/A	Street Maintenance - Operations	1,169,445	-	(1,321,378)	151,933	-
		Total Maintenance	<u>1,169,445</u>	<u>-</u>	<u>(1,321,378)</u>	<u>151,933</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 3,568,024</u>	<u>\$ 22,791</u>	<u>\$ (3,717,728)</u>	<u>\$ 556,725</u>	<u>\$ 429,812</u>

**CITY OF IMPERIAL BEACH CALIFORNIA**  
*TransNet* Extension Activities  
 RTCIP Fund  
 Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 4,000	\$ -	\$ 202	\$ -	\$ -	\$ 4,202	\$ 4,177
For Fiscal Year ended June 30, 2010	June 30, 2017	8,160	-	191	-	-	8,351	8,300
For Fiscal Year ended June 30, 2011	June 30, 2018	-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	10,615	-	154	-	-	10,769	10,704
For Fiscal Year ended June 30, 2013	June 30, 2020	6,495	-	62	-	-	6,557	6,517
For Fiscal Year ended June 30, 2014	June 30, 2021	21,653	-	132	-	-	21,785	-
<b>Total RTCIP Funds</b>		<b>\$ 50,923</b>	<b>\$ -</b>	<b>\$ 741</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,664</b>	<b>\$ 29,698</b>

**INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether ITOC was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. SANDAG's management is responsible for the accounting records on behalf of ITOC. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable for ITOC.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: This procedure is not applicable for ITOC.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: This procedure is performed as part of procedure 15.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).
- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.
- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.
- d. We identified the interest income reported for the year ended June 30, 2014.
  - i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.
  - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.
- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
  - i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
  - iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
  - iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
  - v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- f. We determined that any amounts reported in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.
- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.
- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.
- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.
- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.
- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: These procedures are not applicable for ITOC.

- 7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.
  - b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: These procedures are not applicable for ITOC.

- 8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. ITOC is not a recipient of an annual apportionment.

- 9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of



Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: This procedure is not applicable for ITOC.

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable for ITOC.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for ITOC.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: These procedures are not applicable for ITOC.

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.

- c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained procedure 13.b).

Results: These procedures are not applicable for ITOC.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
  - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.
  - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.
  - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
    - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.
    - ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.
    - iii. We determined whether all exaction fees have been expended within seven years of collection.
    - iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.
    - v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
    - vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.
- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.
- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.
- x. We inquired of management as to whether any developers had been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.
- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.
- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: These procedures are not applicable for ITOC.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: ITOC recorded total expenditures in the amount of \$96,018. We selected \$43,537 (45.34%) for testing. No exceptions were noted as a result of our procedures.

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 15.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: This procedure is not applicable for ITOC.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for ITOC.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for ITOC.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on ITOC's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

*TransNet* Extension Activities  
Schedule of Status of Funds  
Year Ended June 30, 2014

<u>Project Name</u>	<u>Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Committee Adjustments</u>	<u>Status June 30, 2014</u>
<b><i>TransNet</i> Extension:</b>						
Independent Taxpayer Oversight Committee (ITOC)	\$ 453,915	\$ -	\$ 1,503	\$ (96,018)	\$ -	\$ 359,400
Total <i>TransNet</i> Extension	<u>\$ 453,915</u>	<u>\$ -</u>	<u>\$ 1,503</u>	<u>\$ (96,018)</u>	<u>\$ -</u>	<u>\$ 359,400</u>

**INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

*TransNet* Extension Activities  
Cumulative Schedule of Status of Funds  
Year Ended June 30, 2014

<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Committee Adjustments</u>	<u>Status June 30, 2014</u>
<b><i>TransNet</i> Extension:</b>					
Independent Taxpayer Oversight Committee (ITOC)	\$ 1,348,842	\$ 18,136	\$ (1,007,578)	\$ -	\$ 359,400
Total Cumulative <i>TransNet</i> Extension	<u>\$ 1,348,842</u>	<u>\$ 18,136</u>	<u>\$ (1,007,578)</u>	<u>\$ -</u>	<u>\$ 359,400</u>

**CITY OF LA MESA, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014





Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of La Mesa, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet*'s general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total expenditures in the amount of \$2,832,790. We selected \$1,174,313 (41.45%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: An hourly benefit rate of 48.2% was applied to the hourly salary and an overhead rate of 87.1% was applied to the hourly salary plus benefits. These allocations of indirect costs have not been reviewed by a cognizant agency. This indirect cost plan was revised during the year ended June 30, 2012, and is applicable for the years ended June 30,

2013 and 2014. The plan is reviewed and updated every two years by the City's consultants and then reviewed by the City. The indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column was explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- 7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as indicated on the following page:

Fiscal year 2014 apportionment	\$1,432,657
Less: debt service payment	<u>(532,911)</u>
Net estimated apportionment	899,746
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>269,924</u>
Less:	
Local Streets and Roads fund balance	39,563
Local Street Improvement:	
Congestion Relief fund balance	56,278
Maintenance fund balance	<u>(192,591)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(96,750)</u>
Fund balance under apportionment	<u>\$ 366,674</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 56,278	\$1,757,410	\$1,813,688
Maintenance	<u>(192,591)</u>	<u>1,390,477</u>	<u>1,197,886</u>
Totals	<u>\$(136,313)</u>	<u>\$3,147,887</u>	<u>\$3,011,574</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2013	Additions	Principal Payments	Balance June 30, 2014	Interest Payments
Commercial Paper	\$2,004,501	\$ -	\$(522,912)	\$1,481,589	\$9,999

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to

date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$2,890,068
Less MOE base year requirement	<u>(1,738,723)</u>
Excess MOE for year ended June 30, 2014	<u>\$1,151,345</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$8,745. We selected \$5,469 (62.54%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.



Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as there were no fund administration costs charged for the year ended June 30, 2014.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 27, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

- 16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for the City.

18. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: The City had one prior year finding related to the City's under-collection of exaction fees in the amount of \$126. As of June 30, 2014, the City was in compliance with the collection of the appropriate exaction fee as approved by the SANDAG Board of Directors on February 22, 2013. This finding has been resolved.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not; conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**CITY OF LA MESA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
LAM11	302057TR	Street Lights - Overhead Undergrounding	\$ 12,696	\$ -	\$ -	\$ -	\$ -	\$ 12,696	
LAM20	302074TR	Curb, Gutter, S/W RPL 07	3,618	-	-	(3,542)	(76)	-	(a)
LAM21	302064TR	Street Lights - Overhead Undergrounding 06	32,917	-	-	(6,050)	-	26,867	
		Total Local Streets and Roads	49,231	-	-	(9,592)	(76)	39,563	
		Total <i>TransNet</i>	49,231	-	-	(9,592)	(76)	39,563	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief Pass Through:</b>									
LAM46		Regional Arterial Management Systems	-	7,400	-	(7,400)	-	-	
		Total Congestion Relief Pass Through	-	7,400	-	(7,400)	-	-	
<b>Congestion Relief:</b>									
LAM17	302072TR	Street Surfacing 07	-	-	-	(5,745)	-	(5,745)	(b)
LAM17	302120TR	Street Reconstruction 12	-	-	-	(390)	-	(390)	(b),(c)
		Total LAM17 Projects	-	-	-	(6,135)	-	(6,135)	
LAM21	302094TR	St Lights - Overhead Util Underground 09	37,006	-	-	-	-	37,006	
		Subtotal Congestion Relief	37,006	-	-	(6,135)	-	30,871	

**SCHEDULE A**

**CITY OF LA MESA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2013	Received	Income	Expenditures	Adjustments	June 30, 2014	
		Balance Carried Forward	\$ 37,006	\$ -	\$ -	\$ (6,135)	\$ -	\$ 30,871	
LAM28	302099TR	Downtown Village Streetscape Improvement Project	46,404	300,000	-	(209,620)	-	136,784	
LAM37	302085TR	Traffic Signal Improvement 08	(81)	38,797	-	(38,716)	-	-	
LAM37	302114TR	Traffic Signal Upgrades 11	(3,708)	89,803	-	(92,931)	-	(6,836)	(b)
LAM37	302133TR	Traffic Signal Upgrades 13	(60,942)	100,000	-	(69,858)	-	(30,800)	(b)
LAM37	302142TR	Traffic Signal Upgrades 14	-	-	-	(41,502)	-	(41,502)	(b)
		Total LAM37 Projects	(64,731)	228,600	-	(243,007)	-	(79,138)	
LAM40	302130TR	Street Construction 13	75,310	-	-	-	-	75,310	
LAM44	304090TR	Roadway Drainage Improvements 09	142,265	-	-	(1,321)	-	140,944	
LAM44	304110TR	Roadway Drainage Improvements 11	-	-	-	(1,220)	-	(1,220)	(b)
LAM44	304120TR	Roadway Drainage Improvements 12	-	-	-	(23,435)	-	(23,435)	(b)
LAM44	304130TR	Roadway Drainage Improvements 13	3,756	1,000,000	-	(1,012,326)	-	(8,570)	(b)
LAM44	304140TR	Roadway Drainage Improvements 14	-	-	-	(215,268)	-	(215,268)	(b)
		Total LAM44 Projects	146,021	1,000,000	-	(1,253,570)	-	(107,549)	
		Commercial Paper Debt Service	-	532,911	-	(532,911)	-	-	
		Total Congestion Relief	240,010	2,061,511	-	(2,245,243)	-	56,278	

**CITY OF LA MESA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>Maintenance:</b>									
LAM31	General Fund	Street Maintenance	\$ (100,000)	\$ 100,000	\$ -	\$ (150,000)	\$ -	\$ (150,000)	(b)
LAM32	302101TR	Pavement Management Program 10	(2,958)	-	-	-	-	(2,958)	(b),(d)
LAM32	302131TR	Pavement Management 13	7,820	-	-	-	-	7,820	
Total LAM 32 Projects			4,862	-	-	-	-	4,862	
LAM33	302112TR	Curb, Gutter, S/W RPL 11	110	-	-	-	-	110	
LAM33	302132TR	Curb, Gutter, Sidewalk 13	-	-	-	(39,840)	76	(39,764)	(a),(b)
LAM33	302141TR	Curb, Gutter, Sidewalk 14	-	-	-	(6,943)	-	(6,943)	(b)
Total LAM 31 Projects			110	-	-	(46,783)	76	(46,597)	
LAM39	302086TR	Traffic Calming Program 08	(21,610)	44,320	-	(22,710)	-	-	
LAM39	302096TR	Traffic Calming Program 09	24,049	951	-	(25,000)	-	-	
LAM39	302105TR	Traffic Calming Program 10	-	-	-	(24,840)	-	(24,840)	(b)
LAM39	302116TR	Traffic Calming Program 11	-	-	-	(25,000)	-	(25,000)	(b)
LAM39	302125TR	Traffic Calming Program 12	-	811	-	(811)	-	-	
LAM39	302135TR	Traffic Calming Program 13	49,149	-	-	-	-	49,149	
LAM39	302143TR	Traffic Calming Program 14	-	3,918	-	(4,083)	-	(165)	(b)
Total LAM 39 Projects			51,588	50,000	-	(102,444)	-	(856)	
Total Maintenance			(43,440)	150,000	-	(299,227)	76	(192,591)	
Total Local Street Improvements			196,570	2,218,911	-	(2,551,870)	76	(136,313)	

**CITY OF LA MESA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
<b>Senior Mini-Grants:</b>									
LAM 27	212001	La Mesa Rides4Neighbors	\$ (30,629)	\$ 288,065	\$ -	\$ (160,558)	\$ (153,557)	\$ (56,679)	(b),(e)
Total Senior Mini-Grants			(30,629)	288,065	-	(160,558)	(153,557)	(56,679)	
<b>Smart Growth Grant</b>									
LAM 45	302145OT	Downtown Village Streetscape	-	837	-	(110,770)	-	(109,933)	(f)
Total Smart Growth Grant			-	837	-	(110,770)	-	(109,933)	
Interest Income			-	-	100	-	-	100	
Total <i>TransNet</i> Extension			165,941	2,507,813	100	(2,823,198)	(153,481)	(302,825)	
Total <i>TransNet</i> and <i>TransNet</i> Extension			\$ 215,172	\$ 2,507,813	\$ 100	\$ (2,832,790)	\$ (153,557)	\$ (263,262)	

- Notes:**
- (a) LAM20 is closed this fiscal year. The ending balance, \$76, is being moved to LAM33, the new LAM number for "Curb, Gutter and Sidewalks". The City created new LAM numbers in FY 13 in order to clean up the number structure. LAM 20 directly relates to LAM 33, "Curb, Gutter, and Sidewalk."
  - (b) Funding has been programmed in FY 15 and will be drawn down.
  - (c) CIP 302120TR was identified as a closed project in Schedule A for FY 13. This indication was made in error. The project should not have been closed.
  - (d) The City anticipates utilizing the funds within the next 2 years to update its pavement management inventory. It was determined that the City did not need to do it previously because the existing inventory was still valid.
  - (e) An adjustment was made to correct revenues and expenditures incorrectly reported on Schedule A in FY12.
  - (f) This is a reimbursable funding source and expenditures will always be more than the funds received. Funding will be requested in FY14-15.

**SCHEDULE B**

**CITY OF LA MESA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief - Pass Through:</b>							
LAM46		Regional Arterial Management Systems	\$ 14,800	\$ -	\$ (14,800)	\$ -	\$ -
		Total Congestion Relief - Pass Through	<u>14,800</u>	<u>-</u>	<u>(14,800)</u>	<u>-</u>	<u>-</u>
<b>Congestion Relief:</b>							
LAM17	302072TR	Street Surfacing 07	143,967	-	(154,361)	4,649	(5,745)
LAM17	302120TR	Street Reconstruction 12	<u>-</u>	<u>-</u>	<u>(20,665)</u>	<u>20,275</u>	<u>(390)</u>
		Total LAM17 Projects	<u>143,967</u>	<u>-</u>	<u>(175,026)</u>	<u>24,924</u>	<u>(6,135)</u>
LAM21	302094TR	St Lights - Overhead Util Underground 09	<u>38,337</u>	<u>-</u>	<u>(154)</u>	<u>(1,177)</u>	<u>37,006</u>
LAM28	302099TR	Downtown Village Streetscape Improvement Project	<u>350,000</u>	<u>-</u>	<u>(213,216)</u>	<u>-</u>	<u>136,784</u>
LAM34	302138TR	Street Lights OH Utility Undergrounding	<u>1,663</u>	<u>-</u>	<u>(2,840)</u>	<u>1,177</u>	<u>-</u>
LAM37	302085TR	Traffic Signal Improvement 08	217,371	-	(124,784)	(92,587)	-
LAM37	302114TR	Traffic Signal Upgrades 11	89,803	-	(92,931)	(3,708)	(6,836)
LAM37	302133TR	Traffic Signal Upgrades 13	100,000	-	(153,415)	22,615	(30,800)
LAM37	302142TR	Traffic Signal Upgrades 14	<u>-</u>	<u>-</u>	<u>(41,502)</u>	<u>-</u>	<u>(41,502)</u>
		Total LAM 37 Projects	<u>407,174</u>	<u>-</u>	<u>(412,632)</u>	<u>(73,680)</u>	<u>(79,138)</u>
		Subtotal Congestion Relief	<u>941,141</u>	<u>-</u>	<u>(803,868)</u>	<u>(48,756)</u>	<u>88,517</u>



**CITY OF LA MESA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance carried forward	\$ 941,141	\$ -	\$ (803,868)	\$ (48,756)	\$ 88,517
LAM40	302130TR	Street Construction 13	205,884	-	(14,400)	(116,174)	75,310
LAM44	304090TR	Roadway Drainage Improvements 09	-	-	(28,905)	169,849	140,944
LAM44	304110TR	Roadway Drainage Improvements 11	198,506	-	(10,040)	(189,686)	(1,220)
LAM44	304120TR	Roadway Drainage Improvements 12	78,819	-	(52,832)	(49,422)	(23,435)
LAM44	304130TR	Roadway Drainage Improvements 13	1,479,422	-	(1,487,992)	-	(8,570)
LAM44	304140TR	Roadway Drainage Improvements 14	-	-	(215,268)	-	(215,268)
		Total LAM 44 Projects	1,756,747	-	(1,795,037)	(69,259)	(107,549)
		Commercial Paper Debt Service	1,053,501	-	(1,053,501)	-	-
		Total Congestion Relief	3,957,273	-	(3,666,806)	(234,189)	56,278
		<b>Maintenance:</b>					
LAM31	General Fund	Street Maintenance	458,281	-	(450,000)	(158,281)	(150,000)
LAM32	302101TR	Pavement Management Program 10	-	-	-	(2,958)	(2,958)
LAM32	302131TR	Pavement Management 13	-	-	-	7,820	7,820
		Total LAM 32 Projects	-	-	-	4,862	4,862
		Subtotal Maintenance	458,281	-	(450,000)	(153,419)	(145,138)

**CITY OF LA MESA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance Carried Forward	\$ 458,281	\$ -	\$ (450,000)	\$ (153,419)	\$ (145,138)
LAM33	302112TR	Curb, Gutter, S/W RPL 11	95,382	-	(545)	(94,727)	110
LAM33	302132TR	Curb, Gutter, Sidewalk 13	42,499	-	(140,068)	57,805	(39,764)
LAM33	302141TR	Curb, Gutter, Sidewalk 14	-	-	(6,943)	-	(6,943)
		Total LAM 33 Projects	137,881	-	(147,556)	(36,922)	(46,597)
LAM39	302086TR	Traffic Calming Program 08	44,320	-	(44,320)	-	-
LAM39	302096TR	Traffic Calming Program 09	951	-	(50,000)	49,049	-
LAM39	302105TR	Traffic Calming Program 10	1,871	-	(26,711)	-	(24,840)
LAM39	302116TR	Traffic Calming Program 11	-	-	(25,000)	-	(25,000)
LAM39	302125TR	Traffic Calming Program 12	811	-	(811)	-	-
LAM39	302135TR	Traffic Calming Program 13	50,624	-	(2,320)	845	49,149
LAM39	302143TR	Traffic Calming Program 14	3,918	-	(4,083)	-	(165)
		Total LAM 39 Projects	102,495	-	(153,245)	49,894	(856)
		Total Maintenance	698,657	-	(750,801)	(140,447)	(192,591)
		Total Local Street Improvements	4,670,730	-	(4,432,407)	(374,636)	(136,313)

**CITY OF LA MESA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>Senior Mini-Grants:</b>							
LAM 27	212001	La Mesa Rides4Neighbors	\$ 391,825	\$ -	\$ (448,504)	\$ -	\$ (56,679)
Total Senior Mini-Grants			391,825	-	(448,504)	-	(56,679)
<b>Smart Growth Grant:</b>							
LAM 45	302145OT	Downtown Village Streetscape	837	-	(110,770)	-	(109,933)
Total Smart Growth Grant			837	-	(110,770)	-	(109,933)
Interest Income			-	100	-	-	100
Subtotal Cumulative <i>TransNet</i> Extension			5,063,392	100	(4,991,681)	(374,636)	(302,825)
<b>Completed Projects:</b>							
Local Street Improvements							
Congestion Relief			4,263,983	-	(4,654,541)	390,558	-
Maintenance			1,194,368	-	(1,411,953)	217,585	-
Bikes and Pedestrians			449,000	-	-	(449,000)	-
Total Completed Projects			5,907,351	-	(6,066,494)	159,143	-
Total Cumulative <i>TransNet</i> Extension			\$ 10,970,743	\$ 100	\$ (11,058,175)	\$ (215,493)	\$ (302,825)

CITY OF LA MESA CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 2,020	\$ -	\$ -	\$ (2,020)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	35,774	-	-	(29,509)	-	6,265	15,010
For Fiscal Year ended June 30, 2013	June 30, 2020	49,417	-	-	-	-	49,417	49,417
For Fiscal Year ended June 30, 2014	June 30, 2021	123,302	-	-	-	-	123,302	-
Total RTCIP Funds		\$ 210,513	\$ -	\$ -	\$ (31,529)	\$ -	\$ 178,984	\$ 64,427

**CITY OF LEMON GROVE, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Lemon Grove, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet*'s general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$611,997. We selected \$159,164 (26.01%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.ii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.



- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no completed projects as of June 30, 2014.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2014 apportionment	\$663,780
Less: debt service payment	_____ -
Net estimated apportionment	663,780
30% base	_____ 30%
Fiscal year 2014 30% threshold	<u>199,134</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	113,388
Maintenance fund balance	<u>(158,482)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(45,094)</u>
Fund balance under apportionment	<u>\$244,228</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$113,388	\$1,339,959	\$1,453,347
Maintenance	<u>(158,482)</u>	<u>419,366</u>	<u>260,884</u>
Totals	<u>\$ (45,094)</u>	<u>\$1,759,325</u>	<u>\$1,714,231</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper and bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$199,941
Less: MOE base year requirement	(164,474)
Excess MOE for fiscal year ended June 30, 2014	<u>\$ 35,467</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
  - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
  - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.
  - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
    - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.  
  
Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended within seven years of collection.  
  
Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.
- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.  
  
Results: No exceptions were noted as a result of our procedures.
- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 22, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: This procedure is not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman M.C. P.C.

Irvine, California  
March 20, 2015



**CITY OF LEMON GROVE, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number (a)	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
LG13	N/A	Street Improvements - Congestion Relief	\$ -	\$ 142,446	\$ -	\$ -	\$ (142,446)	\$ -	(a)
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	(3,731)	36,118	-	(128,653)	142,446	46,180	(a)
LG18	7155	Traffic Improvements - Congestion Relief	(8,956)	24,915	-	(18,419)	2,460	-	(b)(c)
LG19	N/A	Trolley Plaza SGIP Funds	-	120,000	-	-	(120,000)	-	(d) (e)
LG20	7190, 7193, 7300, 7170	Street Improvements - Congestion Relief	(383,586)	456,188	-	(152,734)	147,340	67,208	(b)(e)
Total Congestion Relief			(396,273)	779,667	-	(299,806)	29,800	113,388	
<b>Maintenance:</b>									
LG14	7310	Traffic Improvements - Preventive Maintenance	(62,685)	110,582	-	(95,292)	-	(47,395)	(f)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	(44,799)	49,042	-	(41,006)	-	(36,763)	(f)
LG17	7150	Street Improvements - Preventive Maintenance	(91,982)	193,551	-	(175,893)	-	(74,324)	(f)
Total Maintenance			(199,466)	353,175	-	(312,191)	-	(158,482)	
Total Local Street Improvements			(595,739)	1,132,842	-	(611,997)	29,800	(45,094)	
Interest Income			11	-	-	-	-	11	
Total <i>TransNet</i> Extension			\$ (595,728)	\$ 1,132,842	\$ -	\$ (611,997)	\$ 29,800	\$ (45,083)	

**Notes:**

(a) The City requested funds for LG13. Due to unexpected storm drain failures, the City will expend greater than the amount programmed in FY 15 for LG16. The City processed an RTIP amendment 14-03, which moved the funds to LG16.

(b) The City processed an RTIP Amendment 14-03, moving funds from LG18 to LG20.

(c) The City received \$29,800 in insurance money for damages sustained during FY 13.

(d) Project is complete.

(e) The City requested funds for LG19. The City processed RTIP amendment 14-03, which moved the funds to LG20, thus eliminating the negative ending balance.

(f) The City expects to receive reimbursement from SANDAG in FY 15 for funds expended in FY 14.

**CITY OF LEMON GROVE, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
LG13	N/A	Street Improvements - Congestion Relief	\$ 206,446	\$ 12,196	\$ (169,774)	\$ (48,868)	\$ -
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	321,858	2,858	(384,315)	105,779	46,180
LG18	7155	Traffic Improvements - Congestion Relief	93,648	308	(80,551)	(13,405)	-
LG19	N/A	Trolley Plaza SGIP Funds	120,000	-	-	(120,000)	-
LG20	7190, 7193, 7300, 7170	Street Improvements - Congestion Relief	783,890	-	(869,694)	153,012	67,208
Total Congestion Relief			<u>1,525,842</u>	<u>15,362</u>	<u>(1,504,334)</u>	<u>76,518</u>	<u>113,388</u>
<b>Maintenance:</b>							
LG14	7310	Traffic Improvements - Preventive Maintenance	290,899	-	(426,627)	88,333	(47,395)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	194,573	60	(234,183)	2,787	(36,763)
LG17	7150	Street Improvements - Preventive Maintenance	271,660	49	(394,526)	48,493	(74,324)
Total Maintenance			<u>757,132</u>	<u>109</u>	<u>(1,055,336)</u>	<u>139,613</u>	<u>(158,482)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>2,282,974</u>	<u>15,471</u>	<u>(2,559,670)</u>	<u>216,131</u>	<u>(45,094)</u>
Interest Income			<u>-</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 2,282,974</u>	<u>\$ 15,482</u>	<u>\$ (2,559,670)</u>	<u>\$ 216,131</u>	<u>\$ (45,083)</u>

**CITY OF LEMON GROVE, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 8,000	\$ -	\$ 254	\$ -	\$ -	\$ 8,254	\$ 8,290
For Fiscal Year ended June 30, 2010	June 30, 2017	4,080	-	58	-	-	4,138	4,155
For Fiscal Year ended June 30, 2011	June 30, 2018	8,324	-	116	-	-	8,440	8,476
For Fiscal Year ended June 30, 2012	June 30, 2019	6,369	-	49	-	-	6,418	6,407
For Fiscal Year ended June 30, 2013	June 30, 2020	6,495	-	28	-	-	6,523	6,511
For Fiscal Year ended June 30, 2014	June 30, 2021	22,134	-	39	-	-	22,173	-
Total RTCIP Funds		<u>\$ 55,402</u>	<u>\$ -</u>	<u>\$ 544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,946</u>	<u>\$ 33,839</u>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the San Diego Metropolitan Transit System (MTS) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. MTS' management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with management, *TransNet* revenues and expenditures are not recorded in a separate fund, but MTS maintains separate accountability for all *TransNet* activity. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted the MTS' alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.

- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: MTS recorded total *TransNet* expenditures in the amount of \$43,358,118. We selected \$12,284,358 (28.33%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: MTS allocated its personnel wage costs at a fringe benefit rate of 39.52% to MTS33A and MTS23A from July 1, 2013 to September 30, 2013, which was approved based on FY 11 rates. In October 2013, MTS began to use the FY 12 approved rate of 71.88%. MTS' indirect cost allocation plan rates were reviewed and approved by the Federal Transit Administration (FTA). No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.



Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The Agency is in compliance with the 30% requirement as indicated on the following page:

	Senior and <u>Disabled</u>	<u>Transit</u>
Fiscal year 2014 apportionment	\$745,182	\$28,093,359
Less: debt service payment	_____ -	_____ -
Net estimated apportionment	745,182	28,093,359
30% base	_____ 30%	_____ 30%
Fiscal year 2014 30% threshold	223,555	8,428,008
Less: Fund Balance	_____ -	_____ -
Fund balance under apportionment	<u>\$223,555</u>	<u>\$ 8,428,008</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: This procedure is not applicable as the agency does not receive LSI Congestion Relief or Maintenance.

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper and bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for MTS.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: This procedure is not applicable as MTS is not subject to MOE requirements.

13. We reviewed transit operator eligibility for receipt of funds.
- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. For both modes of transportation, the increase in operating costs per vehicle hour and vehicle mile was less than the increase in the CPI. No exceptions were noted as a result of our procedures.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2014</u>	<u>2013</u>	<u>Growth Rate</u>
Operating cost for buses	\$157,766,807	\$161,801,667	
Revenue vehicle hours	1,793,042	1,747,714	
Total operating cost per revenue vehicle hour	\$87.99	\$92.58	(4.96)%
Consumer Price Index	228.254	227.028	0.54%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2014</u>	<u>2013</u>	<u>Growth Rate</u>
Operating cost for rail	\$71,592,168	\$66,350,716	
Revenue vehicle miles	8,516,212	7,758,089	
Total operating cost per revenue vehicle mile	\$8.41	\$8.55	(1.71)%
Consumer Price Index	228.254	227.028	0.54%

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.
  - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.
  - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
    - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.
    - ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.
    - iii. We determined whether all exaction fees have been expended within seven years of collection.
    - iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.
    - v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
    - vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If

expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.
- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.
- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.
- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.
- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.
- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: The RTCIP is a requirement for local jurisdictions that have newly constructed residential housing units. Therefore, these procedures are not applicable to transit operators such as MTS.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for MTS.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: This procedure is not applicable for MTS.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for MTS.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for MTS.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on MTS' receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>MTS Adjustments</u>	<u>Project Status June 30, 2014</u>
<b>TransNet Extension:</b>								
<b>Capital:</b>								
		Major Corridor:						
SAN 67	47120	Blue Line Rehab	\$ -	\$ 13,878,670	\$ -	\$ (13,878,670)	\$ -	\$ -
		Total Capital	-	13,878,670	-	(13,878,670)	-	-
<b>Operating:</b>								
		Senior and Disabled Transportation:						
MTS 33A	47130	MTS Access	-	739,448	-	(739,448)	-	-
		Total Senior and Disabled Transportation	-	739,448	-	(739,448)	-	-
		Transit and Trolley:						
MTS 23A	47110	MTS Operating Support	-	25,560,157	-	(25,560,157)	-	-
		Major Transit Corridor Operations:						
SAN 80	47140	SuperLoop	-	2,698,903	-	(2,698,903)	-	-
SAN 80	47150	Bus Rapid Transit	-	480,940	-	(480,940)	-	-
		Total Major Transit Corridor Operations	-	3,179,843	-	(3,179,843)	-	-
		Total Transit and Trolley	-	28,740,000	-	(28,740,000)	-	-
		Total Operating	-	29,479,448	-	(29,479,448)	-	-
		Total <i>TransNet</i> Extension	\$ -	\$ 43,358,118	\$ -	\$ (43,358,118)	\$ -	\$ -



**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**

*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	MTS Adjustments	Status June 30, 2014
<b>TransNet Extension</b>							
<b>Capital:</b>							
		Major Corridor:					
SAN 67	47120	Blue Line Rehab	\$ 64,864,543	\$ -	\$ (64,864,543)	\$ -	\$ -
		Total Capital	64,864,543	-	(64,864,543)	-	-
<b>Operating:</b>							
		Senior and Disabled Transportation:					
MTS 33A	47130	MTS Access	3,942,855	-	(3,942,855)	-	-
		Total Senior and Disabled Transportation	3,942,855	-	(3,942,855)	-	-
		Transit and Trolley:					
MTS 23A	47110	MTS Operating Support	135,477,248	-	(135,477,248)	-	-
		Major Transit Corridor Operations:					
SAN 80	47140	SuperLoop	1,027,775	-	(1,027,775)	-	-
SAN 80	47150	Bus Rapid Transit	10,818,994	-	(10,818,994)	-	-
		Total Major Transit Corridor Operations	11,846,769	-	(11,846,769)	-	-
		Total Transit and Trolley	147,324,017	-	(147,324,017)	-	-
		Total Operating	151,266,872	-	(151,266,872)	-	-
		Total Cumulative <i>TransNet</i> Extension	\$ 216,131,415	\$ -	\$ (216,131,415)	\$ -	\$ -

**CITY OF NATIONAL CITY, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of National City, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,243,458. We selected \$315,636 (25.38%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City was not in compliance with the 30% requirement as follows:

Fiscal year 2014 apportionment	\$1,289,788
Less: debt service payment	<u>(382,929)</u>
Net estimated apportionment	906,859
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>272,058</u>
Less:	
Local Streets and Roads fund balance	470,845
Local Street Improvement:	
Congestion Relief fund balance	2,092,781
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>2,563,626</u>
Fund balance under (over) apportionment	<u>\$(2,291,568)</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$2,092,781	\$(2,152,704)	\$ (59,923)
Maintenance	<u>-</u>	<u>2,347,347</u>	<u>2,347,347</u>
Totals	<u>\$2,092,781</u>	<u>\$ 194,643</u>	<u>\$2,287,424</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2014</u>	<u>Interest Payments</u>
2010 Series A	\$2,224,376	\$ -	(\$293,337)	\$1,931,039	(\$89,592)

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.



- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was not in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. See Finding Number 1 in the Findings and Recommendations section of this report. MOE activity for the fiscal year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$ 1,057,136
Less MOE base year requirement	<u>(1,658,957)</u>
Excess (shortfall) of MOE for the year ended June 30, 2014	<u>\$ (601,821)</u>

- 13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: This procedure is not applicable for the City.

- 14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
  - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.  
  
Results: No exceptions were noted as a result of our procedures.
- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.  
  
Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended within seven years of collection.  
  
Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.
- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.  
  
Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on September 04, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: This procedure is not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: The City had one prior year finding in that it was not collecting the approved amount for RTCIP exaction fees. As of June 30, 2014, the City was collecting the correct amount for RTCIP exactions.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: See the Findings and Recommendations section of the report.

The City's written response to the recommendations identified in the procedures performed is described in the accompanying Findings and Recommendations section of this report. We did not perform additional agreed-upon procedures related to the City's response and express no opinion on it.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Mayer Hoffman Machon P.C.

Irvine, California  
May 15, 2015

# CITY OF NATIONAL CITY, CALIFORNIA

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Findings and Recommendations

Year Ended June 30, 2014

## (1) **Need to Meet Maintenance of Effort (MOE) Requirement**

The City did not meet its MOE requirement for Streets and Roads as follows:

MOE requirement	\$1,658,957
Streets and Roads discretionary expenditures	<u>1,057,136</u>
Shortfall of MOE expenditures	\$ <u>601,821</u>

*TransNet* Extension Ordinance Section 8 states in part:

“Each local agency receiving revenues pursuant to Section 4(D) shall annually maintain as a minimum the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years completed prior to operative date as of this Ordinance...”

### **Recommendation**

We recommend the City budget and incur adequate discretionary expenditures in order to meet its MOE requirement.

### **Management Response**

Management has agreed with the finding and has taken steps to ensure that the Maintenance of Effort (MOE) requirement amount will be met in future periods. Specifically, the City will request from the Commission the allowance of three years or until June 30, 2017 to expend \$601,821 over and above the regular MOE threshold to make up the shortfall. The City met with the appropriate Boards for approval.

The request was approved on the following dates:

Independent Taxpayer Oversight Committee	March 11, 2014
SANDAG Transportation Committee	March 20, 2014
SANDAG Board of Directors	March 27, 2014

CITY OF NATIONAL CITY, CALIFORNIA

TransNet and TransNet Extension Activities

Schedule of Status of Funds by Project

Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
NC 01	6569	Plaza Blvd. Widening	\$ 274,401	\$ -	\$ 662	\$ (161,591)	\$ 110,308	\$ 223,780	(a)
NC 04	6558	Traffic Signal Install/Upgrade	404,238	-	975	(158,148)	-	247,065	
Total Local Streets and Roads			678,639	-	1,637	(319,739)	110,308	470,845	
Total TransNet			\$ 678,639	\$ -	\$ 1,637	\$ (319,739)	\$ 110,308	\$ 470,845	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief Pass Through:</b>									
NC 04	6558	Regional Arterial Management Systems	\$ -	\$ 8,000	\$ -	\$ (8,000)	\$ -	\$ -	
Total Congestion Relief - Pass Through			-	8,000	-	(8,000)	-	-	
<b>Congestion Relief:</b>									
NC 01	6569	Plaza Blvd. Widening	543,797	532,000	2,204	-	-	1,078,001	
NC 03	6035	Street Resurfacing Project	(1,722,925)	970,000	-	(402,068)	-	(1,154,993)	(b)
NC 04	6558	Traffic Signal Install/Upgrade	924,354	-	1,848	-	-	926,202	
NC 13	6570	Highland Avenue Community Corridor	-	297,000	618	(40,659)	-	256,959	
NC 14	6181	4th Street Community Corridor Tax	88,402	202,627	584	(48,662)	-	242,951	
NC 15	6166	Citywide Safe Routes to School Tax	283,273	500,000	1,789	(41,401)	-	743,661	
		2010 Series A Bonds Debt Service	-	382,929	-	(382,929)	-	-	
Total Congestion Relief			116,901	2,884,556	7,043	(915,719)	-	2,092,781	
Total TransNet Extension			\$ 116,901	\$ 2,892,556	\$ 7,043	\$ (923,719)	\$ -	\$ 2,092,781	
Total TransNet and TransNet Extension			\$ 795,540	\$ 2,892,556	\$ 8,680	\$ (1,243,458)	\$ 110,308	\$ 2,563,626	

**CITY OF NATIONAL CITY, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
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Notes:

- (a) Reimbursement of prior year expenditures received from the State of California in FY14 for NC01 Plaza Blvd. Widening Project.
- (b) As of the Fiscal Year ended June 30, 2014, the City was not in compliance with the SANDAG 30% Rule. Currently, activities relating to project NC03-6035 are underway. The City will ensure compliance with the SANDAG 30% Rule for FY15 and will request funds once in compliance.



**CITY OF NATIONAL CITY, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief Pass Through:</b>							
NC 04	6558	Regional Arterial Management Systems	\$ 16,000	\$ -	\$ (16,000)	\$ -	\$ -
		Total Congestion Relief - Pass Through	<u>16,000</u>	<u>-</u>	<u>(16,000)</u>	<u>-</u>	<u>-</u>
<b>Congestion Relief:</b>							
NC 01	6569	Plaza Blvd Widening	1,071,364	6,637	-	-	1,078,001
NC 03	6035	Street Resurfacing Project	5,821,954	432	(6,878,575)	(98,804)	(1,154,993)
NC 04	6558	Traffic Signal Install/Upgrade	919,682	11,595	(5,075)	-	926,202
NC 13	6570	Highland Avenue Community Corridor	297,000	618	(40,659)	-	256,959
NC 14	6181	4th Street Community Corridor Tax	405,254	2,250	(164,553)	-	242,951
NC 15	6166	Citywide Safe Routes to School Tax	1,000,000	5,895	(262,234)	-	743,661
		2010 Series A Bonds Debt Service	<u>1,513,577</u>	<u>-</u>	<u>(1,513,577)</u>	<u>-</u>	<u>-</u>
		Total Congestion Relief	<u>11,028,831</u>	<u>27,427</u>	<u>(8,864,673)</u>	<u>(98,804)</u>	<u>2,092,781</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>11,044,831</u>	<u>27,427</u>	<u>(8,880,673)</u>	<u>(98,804)</u>	<u>2,092,781</u>
<b>Completed Projects:</b>							
<b>Local Street Improvements:</b>							
		Congestion Relief	27,890	-	(27,890)	-	-
		Bikes & Pedestrian	<u>6,860</u>	<u>-</u>	<u>(6,860)</u>	<u>-</u>	<u>-</u>
		Total Local Street Improvements	<u>34,750</u>	<u>-</u>	<u>(34,750)</u>	<u>-</u>	<u>-</u>
		Total Completed Projects	<u>34,750</u>	<u>-</u>	<u>(34,750)</u>	<u>-</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 11,079,581</u>	<u>\$ 27,427</u>	<u>\$ (8,915,423)</u>	<u>\$ (98,804)</u>	<u>\$ 2,092,781</u>

**CITY OF NATIONAL CITY, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 16,000	\$ 369	\$ -	\$ -	\$ 16,369	\$ 16,307
For Fiscal Year ended June 30, 2010	June 30, 2017	359,560	8,282	-	-	367,842	366,450
For Fiscal Year ended June 30, 2011	June 30, 2018	39,699	915	-	-	40,614	40,460
For Fiscal Year ended June 30, 2012	June 30, 2019	152,903	2,300	-	-	155,203	154,616
For Fiscal Year ended June 30, 2013	June 30, 2020	102,133	1,017	-	-	103,150	102,760
For Fiscal Year ended June 30, 2014	June 30, 2019	36,044	137	-	-	36,181	-
<b>Total RTCIP Funds</b>		<u>\$ 706,339</u>	<u>\$ 13,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 719,359</u>	<u>\$ 680,593</u>

**NORTH COUNTY TRANSIT DISTRICT  
OCEANSIDE, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the North County Transit District, Oceanside, California (NCTD) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. NCTD's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with NCTD management, *TransNet* revenues and expenditures are not recorded in a separate fund. However, since NCTD is an enterprise fund, it does maintain separate accountability for all *TransNet* activity. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6 if submitted to SANDAG for concurrence. SANDAG has accepted NCTD's alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.

- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: NCTD recorded total *TransNet* expenditures in the amount of \$11,976,072. We selected \$3,673,499 (30.67%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: NCTD is in compliance with the 30% requirement as follows:

	<u>Senior and Disabled</u>	<u>Transit</u>
Fiscal year 2014 apportionment	\$305,059	\$11,500,717
Less: debt service payment	_____ -	_____ (141,750)
Net estimated apportionment	305,059	11,358,967
30% base	_____ 30%	_____ 30%
Fiscal year 2014 30% threshold	91,518	3,407,690
Less fund balance	_____ -	_____ -
Fund balance under apportionment	\$ <u>91,518</u>	\$ <u>3,407,690</u>



9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: This procedure is not applicable as NCTD does not receive LSI Congestion Relief or Maintenance.

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Interest</u> <u>Payments</u>
Commercial Paper	\$31,775,000	\$ -	\$(1,200,000)	\$30,575,000	\$(141,750)

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for NCTD.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: This procedure is not applicable as NCTD is not subject to MOE requirements.

13. We reviewed transit operator eligibility for receipt of funds.

- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
- b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
- c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. For rail services, operating costs per vehicle mile did not change from 2013 to 2014, and therefore was less than the increase in the CPI. However, the growth rate for bus total operating costs per vehicle hour exceeded the increase in the CPI. NCTD submitted to the SANDAG Board, a request to calculate the requirement based on the average over the previous three fiscal years, as allowed for in Section 4(C)5 of the *TransNet* Extension Ordinance (04-01). The SANDAG Board of Directors approved NCTD's request. Therefore, we have calculated the operating cost per revenue vehicle mile based on the average, and the growth rate is now in compliance with the requirements.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>3-Year Average Growth Rate</u>
Operating cost for bus services	\$47,534,402	\$45,490,584	\$44,760,253	\$42,720,619	
Revenue vehicle hours	520,186	516,882	454,558	438,086	
Total operating cost per revenue vehicle hours	\$91.38	\$88.01	\$98.47	\$97.52	
Consumer Price Index	228.254	227.028	229.775	222.913	
Increase/ (Decrease) in CPI	0.5%	-1.2%	3.1%		0.8%
Increase/ (Decrease) in Ratio	3.8%	-10.6%	1.0%		-1.9%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2014</u>	<u>2013</u>
Operating cost for rail services	\$34,670,449	\$30,321,993
Revenue vehicle miles	794,818	695,152
Total operating cost per revenue vehicle mile	\$43.62	\$43.62
CPI	228.254	227.028
Percent increase/(decrease) in CPI	0.5%	(1.2)%
Percent increase/(decrease) in operating costs per revenue vehicle hour	0.0%	9.8%

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.
  - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.
  - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
    - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.
    - ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.
    - iii. We determined whether all exaction fees have been expended within seven years of collection.
    - iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.
    - v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.
- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.
- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.
- x. We inquired of management as to whether any developers had been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.
- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.
- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: The RTCIP is a requirement for local jurisdictions that have newly constructed residential housing units. Therefore, these procedures are not applicable to transit operators such as NCTD.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable

expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for NCTD.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: This procedure is not applicable for NCTD.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for NCTD.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: This procedure is not applicable for NCTD.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable, as there were no prior year findings and recommendations.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on NCTD's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**NORTH COUNTY TRANSIT DISTRICT**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Capital:</b>									
<b>Transit:</b>									
NCTD16	709501	Inland (O-E Line)	\$ 6,431	\$ -	\$ 11	\$ -	\$ -	\$ 6,442	(a)
NCTD18	112005	Coastal	625,599	-	1,024	(591)	-	626,032	
	412770	STP Projects and Services	17,205	-	29	(313)	-	16,921	
		Total Transit	<u>649,235</u>	<u>-</u>	<u>1,064</u>	<u>(904)</u>	<u>-</u>	<u>649,395</u>	
		Total Capital	<u>649,235</u>	<u>-</u>	<u>1,064</u>	<u>(904)</u>	<u>-</u>	<u>649,395</u>	
		Total <i>TransNet</i>	<u>\$ 649,235</u>	<u>\$ -</u>	<u>\$ 1,064</u>	<u>\$ (904)</u>	<u>\$ -</u>	<u>\$ 649,395</u>	
<b>TransNet Extension:</b>									
<b>Operating:</b>									
<b>Senior and Disabled Transportation:</b>									
NCTD03	N/A	Elderly and Disabled	\$ -	\$ 290,559	\$ -	\$ (290,559)	\$ -	\$ -	
		Total Senior and Disabled Transportation	<u>-</u>	<u>290,559</u>	<u>-</u>	<u>(290,559)</u>	<u>-</u>	<u>-</u>	
<b>Transit:</b>									
NCTD16B	N/A	Oceanside to Escondido Rail Operations	-	4,689,930	-	(2,372,430)	(2,317,500)	-	(b)
NCTD34	N/A	Expanded Transit Service	-	6,658,087	-	(8,975,587)	2,317,500	-	(b)
		Total Transit	<u>-</u>	<u>11,348,017</u>	<u>-</u>	<u>(11,348,017)</u>	<u>-</u>	<u>-</u>	

**NORTH COUNTY TRANSIT DISTRICT**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>NCTD Adjustments</u>	<u>Project Status June 30, 2014</u>	<u>Notes</u>
<b>TransNet Senior Mini Grant:</b>									
NCTD34A	809015, 810015 811015	TransNet Senior Services	(24,491)	50,263	-	(34,514)	-	(8,742)	(c)
		Total TransNet Senior Mini Grant	(24,491)	50,263	-	(34,514)	-	(8,742)	
		Total Operating	(24,491)	11,688,839	-	(11,673,090)	-	(8,742)	
<b>Capital:</b>									
<b>Major Corridor:</b>									
NCTD16	512554, 512556 512557, 709501 709506, 709507	Oceanside-Escondido Rail Project	494,084	-	555	(299,872)	-	194,767	
NCTD40	709508, 709510 508050	Rail Station Improvement	1,038,967	-	1,700	(2,206)	-	1,038,461	
		Total Major Corridor	1,533,051	-	2,255	(302,078)	-	1,233,228	
		Total Capital	1,533,051	-	2,255	(302,078)	-	1,233,228	
		Total TransNet Extension	\$ 1,508,560	\$ 11,688,839	\$ 2,255	\$ (11,975,168)	\$ -	\$ 1,224,486	
		Total TransNet and TransNet Extension	\$ 2,157,795	\$ 11,688,839	\$ 3,319	\$ (11,976,072)	\$ -	\$ 1,873,881	

Notes:

- (a) Final expenditures for the project will occur in FY 2015, and the project will be closed.
- (b) \$2,317,500 of NCTD34 TransNet funds received in FY 2013 should have been for NCTD16B per SANDAG.
- (c) Reimbursement requests were sent to SANDAG in FY2015.



**NORTH COUNTY TRANSIT DISTRICT**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>NCTD Adjustments</u>	<u>Project Status June 30, 2014</u>
<b>TransNet Extension:</b>							
<b>Operating:</b>							
<b>Senior and Disabled Transportation:</b>							
NCTD03	N/A	Elderly and Disabled	\$ 1,605,325	\$ -	\$ (1,605,325)	\$ -	\$ -
		Total Senior and Disabled Transportation	<u>1,605,325</u>	<u>-</u>	<u>(1,605,325)</u>	<u>-</u>	<u>-</u>
<b>Major Corridor:</b>							
NCTD34	N/A	Expanded Transit Service	1,313,066	-	(1,313,066)	-	-
		Total Major Corridor	<u>1,313,066</u>	<u>-</u>	<u>(1,313,066)</u>	<u>-</u>	<u>-</u>
<b>Transit:</b>							
NCTD16B	N/A	Oceanside to Escondido Rail Operations	11,139,299	-	(8,821,799)	(2,317,500)	-
NCTD34	N/A	Expanded Transit Service	<u>49,157,379</u>	<u>-</u>	<u>(51,474,879)</u>	<u>2,317,500</u>	<u>-</u>
		Total Transit	<u>60,296,678</u>	<u>-</u>	<u>(60,296,678)</u>	<u>-</u>	<u>-</u>
<b>TransNet Senior Mini Grant:</b>							
NCTD34A	809015 810015 811015	TransNet Senior Services	189,177	-	(197,919)	-	(8,742)
		Total TransNet Senior Mini Grant	<u>189,177</u>	<u>-</u>	<u>(197,919)</u>	<u>-</u>	<u>(8,742)</u>
		Total Operating	<u>63,404,246</u>	<u>-</u>	<u>(63,412,988)</u>	<u>-</u>	<u>(8,742)</u>

**NORTH COUNTY TRANSIT DISTRICT**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>NCTD Adjustments</u>	<u>Project Status June 30, 2014</u>
		<b>Capital:</b>					
		<b>Major Corridor:</b>					
	512554, 512556						
	512557, 709501						
	709506, 709507						
NCTD16	709508, 709510	Oceanside-Escondido Rail Project	65,304,611	366,054	(65,890,953)	415,055	194,767
NCTD40	508050	Rail Station Improvements	<u>1,230,000</u>	<u>47,033</u>	<u>(245,131)</u>	<u>6,559</u>	<u>1,038,461</u>
		Total Major Corridor	<u>66,534,611</u>	<u>413,087</u>	<u>(66,136,084)</u>	<u>421,614</u>	<u>1,233,228</u>
		Total Capital	<u>66,534,611</u>	<u>413,087</u>	<u>(66,136,084)</u>	<u>421,614</u>	<u>1,233,228</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>129,938,857</u>	<u>413,087</u>	<u>(129,549,072)</u>	<u>421,614</u>	<u>1,224,486</u>
		<b>Completed Projects:</b>					
		Capital:					
		Major Corridor	<u>1,317,533</u>	<u>6,559</u>	<u>(459,699)</u>	<u>(864,393)</u>	<u>-</u>
		Bike, Pedestrian and Neighborhood Safety (BPNS) Inland Rail Trail	<u>3,870,000</u>	<u>25,257</u>	<u>(4,753,091)</u>	<u>857,834</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 135,126,390</u>	<u>\$ 444,903</u>	<u>\$ (134,761,862)</u>	<u>\$ 415,055</u>	<u>\$ 1,224,486</u>

**CITY OF OCEANSIDE, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Oceanside, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$3,194,573. We selected \$801,827 (25.10%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable, as there were no unallowable expenditures identified in step 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable, as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is not in compliance with the 30% requirement as follows:

Fiscal year 2014 apportionment	\$4,201,503
Less: debt service payment	<u>          -</u>
Net estimated apportionment	4,201,503
30% base	<u>          30%</u>
Fiscal year 2014 30% threshold	<u>1,260,451</u>
Less:	
Local Streets and Roads fund balance	1,178,034
Local Street Improvement:	
Congestion Relief fund balance	3,120,192
Maintenance fund balance	<u>(2,672,603)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>1,625,623</u>
Fund balance under (over) apportionment	\$ <u>(365,172)</u>



9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$3,120,192	\$ 8,704,955	\$11,825,147
Maintenance	<u>(2,672,603)</u>	<u>2,879,791</u>	<u>207,188</u>
Totals	<u>\$ 447,589</u>	<u>\$11,584,746</u>	<u>\$12,032,335</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper and bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$4,458,577
Less MOE base year requirement	<u>(2,638,484)</u>
Excess MOE for year ended June 30, 2014	<u>\$1,820,093</u>

13. We reviewed transit operator eligibility for receipt of funds.
- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.  
Results: No exceptions were noted as a result of our procedures.
  - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.  
Results: No exceptions were noted as a result of our procedures.
  - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
    - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.  
Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$251,826. We selected \$203,179 (80.68%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not charge fund administration expenses to the Program.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on September 24, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for the City.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Mayer Hoffer M.C.P.C." The signature is written in a cursive, somewhat stylized font.

Irvine, California  
March 20, 2015

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
O14	914560900212	No Coast Hwy Bridge Seismic Retro	\$ 680,923	\$ -	\$ -	\$ (22,955)	\$ -	\$ 657,968	
O14	914560800212	Douglas Dr. Bridge Seismic Retro	543,583	-	-	(23,517)	-	520,066	
		Total O14 Projects	1,224,506	-	-	(46,472)	-	1,178,034	
		Total Local Streets and Roads	1,224,506	-	-	(46,472)	-	1,178,034	
		Total <i>TransNet</i>	1,224,506	-	-	(46,472)	-	1,178,034	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief - Pass Through:</b>									
SAN 54	N/A	Regional Arterial Management Systems	-	11,200	-	(11,200)	-	-	
		Total Congestion Relief - Pass Through	-	11,200	-	(11,200)	-	-	
<b>Congestion Relief:</b>									
O17	905120100212	Loma Alta Creek Detention Basins	827,235	-	-	(111,706)	-	715,529	
O24	902754200212	Street Restoration	3,800,675	-	-	(941,485)	-	2,859,190	
O25	902111200212	Adp Signal TMC Traffic Mgmt Ctr	(276,210)	-	-	(72,976)	-	(349,186)	(a)
O25	902131300212	MssnAve Fiber-Optic Cable Design	-	-	-	(15,548)	-	(15,548)	(a)
		Total O25 Projects	(276,210)	-	-	(88,524)	-	(364,734)	
O26	902111800212	SR76 Thru Lanes	(26,991)	-	-	-	26,991	-	(b)
		Subtotal Congestion Relief	4,324,709	-	-	(1,141,715)	26,991	3,209,985	

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance Carried Forward	\$ 4,324,709	\$ -	\$ -	\$ (1,141,715)	\$ 26,991	\$ 3,209,985	
O33	902131200212	Coast Hwy Corridor Study/EIR	-	-	-	(254,178)	286,778	32,600	(c)
O33	902131400212	Coast Hwy Restriping Trail	-	-	-	(10,365)	10,365	-	(c)
		Total O33 Projects	-	-	-	(264,543)	297,143	32,600	
O37	425432212	SANDAG CRT Phase 2B	-	-	-	(1,037)	-	(1,037)	(a)
O37	902132400212	SANDAG CRT Phase 2B	-	-	-	(1,780)	-	(1,780)	(a)
		Total O37 Projects	-	-	-	(2,817)	-	(2,817)	
O38	902131500212	SRTS Calif ST-Lincoln/Palmquist	-	-	-	(111,878)	-	(111,878)	(a)
		Total Congestion Relief	4,324,709	-	-	(1,520,953)	324,134	3,127,890	
		<b>Maintenance:</b>							
O18	425411212	Misc Traffic Markings	-	-	-	(37,325)	-	(37,325)	(a)
O18	425426212	Misc Street Projects	(1,102,438)	-	-	(705,434)	-	(1,807,872)	(a)
O18	425418212	Neighborhood Traffic Improvement	-	-	-	(55,029)	-	(55,029)	(a)
O18	902754200212	Street Restoration	(701,177)	-	-	-	-	(701,177)	(a)
O18	901126000212	Street Monumentation	-	-	-	(80,253)	9,053	(71,200)	(a),(d)
O18	902113000212	Downtown Intersection	225,727	-	-	(216,674)	(9,053)	-	(d)
		Total O18 Projects	(1,577,888)	-	-	(1,094,715)	-	(2,672,603)	
		Total Maintenance	(1,577,888)	-	-	(1,094,715)	-	(2,672,603)	
		Total Local Street Improvements	2,746,821	11,200	-	(2,626,868)	324,134	455,287	



**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>Bike and Pedestrian:</b>									
O29	902132900212	Oblvd Transit Access	\$ -	\$ 141,293	\$ -	\$ (302,025)	\$ -	\$ (160,732)	(a),(e)
O30	902129800212	2-Year Educ/Encour/Awareness	-	26,396	-	(76,231)	-	(49,835)	(a),(e)
O31A	836129700215	NCT Station Bikestation	-	-	-	(291)	-	(291)	(a),(f)
Total Bike and Pedestrian			-	167,689	-	(378,547)	-	(210,858)	
<b>Senior Mini-Grant:</b>									
O21	817130800212	Senior Transportation Grant	-	137,277	-	(142,686)	-	(5,409)	(a)
Total Senior Mini-Grant			-	137,277	-	(142,686)	-	(5,409)	
Interest Income			93,704	-	52,371	-	(7,698)	138,377	
Total <i>TransNet</i> Extension			2,840,525	316,166	52,371	(3,148,101)	316,436	377,397	
Subtotal <i>TransNet</i> and <i>TransNet</i> Extension			4,065,031	316,166	52,371	(3,194,573)	316,436	1,555,431	
GASB 31 Market Value Adjustment			6,490	-	-	-	-	6,490	
Total <i>TransNet</i> and <i>TransNet</i> Extension			\$ 4,071,521	\$ 316,166	\$ 52,371	\$ (3,194,573)	\$ 316,436	\$ 1,561,921	

- Notes:**
- (a) City will request a drawdown in FY 15 to remove the deficit.
  - (b) Completed project. City transferred funds in the amount of \$19,293 from programmed cash per Resolution #13-R0117-1 dated 02/27/2013. To eliminate the remaining negative balance, the City used \$7,698 of available interest income.
  - (c) In FY13, Council approved a transfer of \$297,143 - Resolution #13-R0117-1 from O06 Melrose Drive Extension to O33. The transfer out was included on Schedule A in 2013 however, the transfer-in was not included. Adjustment is to complete the transfer-in to O33.
  - (d) Completed project. Balance moved to another project within the same MPO ID.
  - (e) Funds received amount reported by SANDAG are greater than schedule due to payments being received after the City's 60 day recognition period. There is also a 10% retention held by SANDAG .
  - (f) Project is being added back to the RTIP in FY 15.

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief Pass Through</b>							
SAN 54	N/A	Regional Arterial Management Systems	\$ 22,400	\$ -	\$ (22,400)	\$ -	\$ -
		Total Congestion Relief Pass Through	<u>22,400</u>	<u>-</u>	<u>(22,400)</u>	<u>-</u>	<u>-</u>
<b>Congestion Relief:</b>							
O17	905120100212	Loma Alta Creek Detention Basins	<u>2,100,000</u>	<u>-</u>	<u>(1,384,471)</u>	<u>-</u>	<u>715,529</u>
O24	902754200212	Street Restoration	<u>9,009,236</u>	<u>-</u>	<u>(6,150,046)</u>	<u>-</u>	<u>2,859,190</u>
O25	902111200212	Adp Signal TMC Traffic Mgmt Ctr	<u>1,250,000</u>	<u>-</u>	<u>(1,599,186)</u>	<u>-</u>	<u>(349,186)</u>
O25	902131300212	MssnAve Fiber-Optic Cable Design	<u>-</u>	<u>-</u>	<u>(15,548)</u>	<u>-</u>	<u>(15,548)</u>
		Total O25 Projects	<u>1,250,000</u>	<u>-</u>	<u>(1,614,734)</u>	<u>-</u>	<u>(364,734)</u>
O26	902111800212	SR76 Thru Lanes	<u>50,000</u>	<u>-</u>	<u>(76,991)</u>	<u>26,991</u>	<u>-</u>
O33	902131200212	Coast Hwy Corridor Study/EIR	<u>286,778</u>	<u>-</u>	<u>(254,178)</u>	<u>-</u>	<u>32,600</u>
O33	902131400212	Coast Hwy Restriping Trail	<u>10,365</u>	<u>-</u>	<u>(10,365)</u>	<u>-</u>	<u>-</u>
		Total O33 Projects	<u>297,143</u>	<u>-</u>	<u>(264,543)</u>	<u>-</u>	<u>32,600</u>
O37	425432212	SANDAG CRT Phase 2B	<u>-</u>	<u>-</u>	<u>(1,037)</u>	<u>-</u>	<u>(1,037)</u>
O37	902132400212	SANDAG CRT Phase 2B	<u>-</u>	<u>-</u>	<u>(1,780)</u>	<u>-</u>	<u>(1,780)</u>
		Total O37 Projects	<u>-</u>	<u>-</u>	<u>(2,817)</u>	<u>-</u>	<u>(2,817)</u>
O38	902131500212	SRTS Calif ST-Lincoln/Palmquist	<u>-</u>	<u>-</u>	<u>(111,878)</u>	<u>-</u>	<u>(111,878)</u>
		Total Congestion Relief	<u>12,706,379</u>	<u>-</u>	<u>(9,605,480)</u>	<u>26,991</u>	<u>3,127,890</u>

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>Maintenance:</b>							
O18	425411212	Misc Traffic Markings	\$ 143,251	\$ -	\$ (180,576)	\$ -	\$ (37,325)
O18	425426212	Misc Street Projects	2,550,833	-	(4,358,705)	-	(1,807,872)
O18	425418212	Neighborhood Traffic Improvement	387,190	-	(442,219)	-	(55,029)
O18	902754200212	Street Restoration	910,867	-	(1,612,044)	-	(701,177)
O18	901126000212	Street Monumentation	55,430	-	(135,683)	9,053	(71,200)
O18	902113000212	Downtown Intersection	528,000	-	(518,947)	(9,053)	-
Total O18 Projects			4,575,571	-	(7,248,174)	-	(2,672,603)
Total Maintenance			4,575,571	-	(7,248,174)	-	(2,672,603)
Total Local Street Improvements			17,304,350	-	(16,876,054)	26,991	455,287
<b>Bike and Pedestrian:</b>							
O29	902132900212	Oblvd Transit Access	141,293	-	(302,025)	-	(160,732)
O30	902129800212	2-Year Educ/Encour/Awareness	26,396	-	(76,231)	-	(49,835)
O31A	836129700215	NCT Station Bikestation	-	-	(291)	-	(291)
Total Bike and Pedestrian			167,689	-	(378,547)	-	(210,858)

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		<b>Senior Mini-Grant:</b>					
O21	817130800212	Senior Transportation Grant	\$ 137,277	\$ -	\$ (142,686)	\$ -	\$ (5,409)
		Total Senior Mini-Grant	<u>137,277</u>	<u>-</u>	<u>(142,686)</u>	<u>-</u>	<u>(5,409)</u>
		Interest Income	<u>-</u>	<u>146,075</u>	<u>-</u>	<u>(7,698)</u>	<u>138,377</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>17,609,316</u>	<u>146,075</u>	<u>(17,397,287)</u>	<u>19,293</u>	<u>377,397</u>
		<b>Completed Projects:</b>					
		Local Street Improvements:					
		Congestion Relief	440,764	-	(1,521,047)	1,080,283	-
		Maintenance	1,803,429	220	(1,772,685)	(30,964)	-
		Senior Mini-Grant	<u>511,087</u>	<u>13</u>	<u>(511,100)</u>	<u>-</u>	<u>-</u>
		Total Completed Projects	<u>2,755,280</u>	<u>233</u>	<u>(3,804,832)</u>	<u>1,049,319</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 20,364,596</u>	<u>\$ 146,308</u>	<u>\$ (21,202,119)</u>	<u>\$ 1,068,612</u>	<u>\$ 377,397</u>

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet* Extension Activities  
 RTCIP Fund  
 Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 8,120	\$ -	\$ -	\$ (8,120)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	199,920	-	6,999	(206,919)	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	118,617	-	1,199	(119,816)	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	169,688	-	-	(169,688)	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	402,690	-	-	(402,690)	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	251,826	-	1,678	(251,826)	-	1,678	-
<b>Total RTCIP Funds</b>		<b>\$ 1,150,861</b>	<b>\$ -</b>	<b>\$ 9,876</b>	<b>\$ (1,159,059)</b>	<b>\$ -</b>	<b>\$ 1,678</b>	<b>\$ -</b>

**CITY OF POWAY, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Poway, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.



Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet*'s general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,020,400. We selected \$697,351 (68.34%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2014 apportionment	\$1,379,032
Less: debt service payment	<u>          -</u>
Net estimated apportionment	1,379,032
30% base	<u>          30%</u>
Fiscal year 2014 30% threshold	<u>      413,710</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	370,772
Maintenance fund balance	<u>      3,411</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>      374,183</u>
Fund balance under apportionment	<u>\$      39,527</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$370,772	\$148,145	\$518,917
Maintenance	<u>3,411</u>	<u>24,968</u>	<u>28,379</u>
Totals	<u>\$374,183</u>	<u>\$173,113</u>	<u>\$547,296</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper and bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$1,177,529
Less MOE base year requirement	<u>(1,005,319)</u>
Excess MOE for fiscal year ended June 30, 2014	\$ <u><u>172,210</u></u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
  - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
  - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.
  - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
    - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.  
  
Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended within seven years of collection.  
  
Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.
- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.  
  
Results: The City recorded total RTCIP expenditures in the amount of \$16,686. We selected \$5,405 (32.39%) for testing. No exceptions were noted as a result of our procedures.
- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.  
  
Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.  
  
Results: This procedure is not applicable as the City did not charge fund administration expenses to the Program.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.  
  
Results: No exceptions were noted as a result of our procedures.
- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 13, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
- a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for the City.

18. For SANDAG only, we performed the following procedures:
- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.



20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

We were not engaged to, and did not; conduct an audit, the objective of which would be the expression of an opinion the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink, appearing to read "Mayer H. McCon".

Irvine, California  
March 20, 2015

**CITY OF POWAY, CALIFORNIA**  
*TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income (a)	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief Pass Through:</b>									
POW 29	0407-4320D	Regional Arterial Management Systems	\$ -	\$ 7,300	\$ -	\$ (7,300)	\$ -	\$ -	
		Total Congestion Relief Pass Through	-	7,300	-	(7,300)	-	-	
<b>Congestion Relief:</b>									
POW 16	0411-4320B	Annual street overlay & reconstruction	20,772	-	-	-	(20,772)	-	(b)
POW 17	0411-4320B	Annual street overlay & reconstruction	-	600,000	-	(600,000)	-	-	(b)
POW 18	0411-4320B	Annual street overlay & reconstruction	-	-	-	-	20,772	20,772	
POW 22	12009	Poway Road Corridor Study	-	350,000	-	-	-	350,000	
		Total Congestion Relief	20,772	950,000	-	(600,000)	-	370,772	
<b>Maintenance:</b>									
POW 26	0411-4320C	Street maintenance project	3,411	413,100	-	(413,100)	-	3,411	
		Total Maintenance	3,411	413,100	-	(413,100)	-	3,411	
		Total Local Street Improvement	24,183	1,370,400	-	(1,020,400)	-	374,183	
		Subtotal <i>TransNet</i> Extension	24,183	1,370,400	-	(1,020,400)	-	374,183	
		GASB 31 market value adjustment	(21)	-	691	-	-	670	
		Total <i>TransNet</i> Extension	\$ 24,162	\$ 1,370,400	\$ 691	\$ (1,020,400)	\$ -	\$ 374,853	

**Notes:**

- (a) The expenditures for the City’s Congestion Relief and Maintenance programs are substantially made during the first part of the fiscal year. However, due to cash flow constraints, *TransNet* funds are received evenly throughout the fiscal year. This resulted in an average negative cash balance for the fiscal year, and therefore the funds received no interest allocation.
- (b) This project uses a different MPO ID number from year to year. In the prior year, it was POW 16 and in FY 15 it will be POW 18. The City requested a transfer of the remaining funds from POW 16 to POW 18 via RTIP Amendment 14-03.

**SCHEDULE B**

**CITY OF POWAY, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief Pass Through:</b>							
POW 29	0407-4320D	Regional Arterial Management Systems	\$ 14,600	\$ -	\$ (14,600)	\$ -	\$ -
		Total Congestion Relief Pass Through	<u>14,600</u>	<u>-</u>	<u>(14,600)</u>	<u>-</u>	<u>-</u>
<b>Congestion Relief:</b>							
POW 16	0411-4320B	Annual street overlay & reconstruction	1,201,000	-	(1,180,228)	-	20,772
POW 17	0411-4320B	Annual street overlay & reconstruction	600,000	-	(600,000)	-	-
POW 22	12009	Poway Road Corridor Study	350,000	-	-	-	350,000
		Total Congestion Relief	<u>2,151,000</u>	<u>-</u>	<u>(1,780,228)</u>	<u>-</u>	<u>370,772</u>
<b>Maintenance:</b>							
POW 26	0411-4320C	Street maintenance project	1,340,120	-	(1,336,709)	-	3,411
		Total Maintenance	<u>1,340,120</u>	<u>-</u>	<u>(1,336,709)</u>	<u>-</u>	<u>3,411</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>3,505,720</u>	<u>-</u>	<u>(3,131,537)</u>	<u>-</u>	<u>374,183</u>
<b>Completed Projects:</b>							
<b>Local Street Improvements:</b>							
		Congestion Relief	3,746,170	5,285	(3,751,455)	-	-
		Maintenance	1,228,680	4,644	(1,233,324)	-	-
		Total Completed Projects	<u>4,974,850</u>	<u>9,929</u>	<u>(4,984,779)</u>	<u>-</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 8,480,570</u>	<u>\$ 9,929</u>	<u>\$ (8,116,316)</u>	<u>\$ -</u>	<u>\$ 374,183</u>

CITY OF POWAY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 78,000	\$ -	\$ 5,402	\$ (28,808)	\$ -	\$ 54,594	\$ 70,811
For Fiscal Year ended June 30, 2010	June 30, 2017	10,295	-	618	-	-	10,913	10,819
For Fiscal Year ended June 30, 2011	June 30, 2018	158,156	-	4,705	-	-	162,861	161,463
For Fiscal Year ended June 30, 2012	June 30, 2019	6,369	-	135	-	-	6,504	6,448
For Fiscal Year ended June 30, 2013	June 30, 2020	30,310	-	401	-	-	30,711	30,448
For Fiscal Year ended June 30, 2014	June 30, 2021	17,672	-	153	-	-	17,825	-
Subtotal RTCIP Funds		300,802	-	11,414	(28,808)	-	283,408	279,989
GASB 31 fair market value adjustment		-	-	521	-	-	521	(247)
Total RTCIP Funds		\$ 300,802	\$ -	\$ 11,935	\$ (28,808)	\$ -	\$ 283,929	\$ 279,742

**CITY OF SAN DIEGO, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Diego, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$22,232,200. We selected \$10,830,591 (48.72%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: Indirect costs are allocated to RTIP projects at a rate that depends on the department of the employee that charged labor to the project. In total, ten city departments charged labor and applied indirect costs to projects in the RTIP. The Indirect costs charged by departments varied between 6.0% and 143.0%. The City's indirect cost plan is



reviewed by the California Department of Transportation (Caltrans). The City's overhead rates have been approved by Caltrans through FY14. Caltrans has contracted with the State Controller's office to perform an audit of the City of San Diego's Indirect Cost rate proposal for the 2010-2012 fiscal years. The methodology used is consistent with the previously approved methodology.

- f. We determined that any amounts reported in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as indicated on the following page:

Fiscal year 2014 apportionment	\$29,179,187
Less: debt service payment	<u>-</u>
Net estimated apportionment	29,179,187
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>8,753,756</u>
Less:	
Local Streets and Roads fund balance	7,233,579
Local Street Improvement:	
Congestion Relief fund balance	322,600
Maintenance fund balance	<u>12,205</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>7,568,384</u>
Fund balance under apportionment	<u>\$ 1,185,372</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$322,600	\$52,162,803	\$52,485,403
Maintenance	<u>12,205</u>	<u>1,500,572</u>	<u>1,512,777</u>
Totals	<u>\$334,805</u>	<u>\$53,663,375</u>	<u>\$53,998,180</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there was no commercial paper or bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2014, is summarized as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Transit Bus Subsidies</u>	<u>Total</u>
Current year local discretionary expenditures	\$26,667,410	\$181,102	\$882,710	\$27,731,222
Less MOE base year requirement	<u>(22,027,565)</u>	<u>(162,992)</u>	<u>(877,451)</u>	<u>(23,068,008)</u>
Excess MOE for the year ended June 30, 2014	<u>\$ 4,639,845</u>	<u>\$ 18,110</u>	<u>\$ 5,259</u>	<u>\$ 4,633,214</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: These procedures are not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: The City spent 1.13% of program revenue for fund administration services for the year ended June 30, 2014, which is less than 3% per Section D2 of the RTCIP attachment to the Ordinance. No exceptions were noted as a result of our procedures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the TransNet Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 20, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

- 16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: No exceptions were noted as a result of our procedures.

- 17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for the City.

18. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
June 1, 2015



**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Highways:</b>									
CAL 28	524632	SR 56/Black Mountain Road	\$ 2,480,665	\$ -	10,050	\$ -	\$ 18,370	\$ 2,509,085	(a) (b)
		Total Highways	<u>2,480,665</u>	<u>-</u>	<u>10,050</u>	<u>-</u>	<u>18,370</u>	<u>2,509,085</u>	
<b>Local Streets and Roads:</b>									
SD01	527130	Alvarado Canyon Rd Realignment	<u>121,470</u>	<u>-</u>	<u>-</u>	<u>(712)</u>	<u>-</u>	<u>120,758</u>	(c)
SD06	525920	Aldine Drive and Fairmount Ave. Slope Restoration	<u>2,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,484</u>	
SD09	527150	New Walkways	<u>317,777</u>	<u>-</u>	<u>-</u>	<u>(70,844)</u>	<u>-</u>	<u>246,933</u>	
SD15	522930	Street Light Installation	<u>225,322</u>	<u>-</u>	<u>-</u>	<u>(68,595)</u>	<u>-</u>	<u>156,727</u>	
SD16A	620020	Minor Signal Improvements - AA	1,792,326	-	-	-	(1,792,326)	-	(d)
SD16A	630020	Traffic Signal Controllers - AA	1,045	-	-	-	-	1,045	
SD16A	680010	Cooperative Projects - AA	84,911	-	-	-	-	84,911	(a)
SD16A	680100	Construct top 10-15 Prioritized Traffic Signals	3,755	-	-	(3,755)	-	-	
SD16A	680110	Modernize top 5-10 Prioritized Traffic Signals	<u>463,766</u>	<u>-</u>	<u>-</u>	<u>(23,894)</u>	<u>-</u>	<u>439,872</u>	
		Total SD16A Projects	<u>2,345,803</u>	<u>-</u>	<u>-</u>	<u>(27,649)</u>	<u>(1,792,326)</u>	<u>525,828</u>	
		Subtotal Local Streets and Roads	<u>3,012,856</u>	<u>-</u>	<u>-</u>	<u>(167,800)</u>	<u>(1,792,326)</u>	<u>1,052,730</u>	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ 3,012,856	\$ -	\$ -	\$ (167,800)	\$ (1,792,326)	\$ 1,052,730	
SD17	680060	Guard Rails - AA	(201,566)	-	-	(108,345)	502,020	192,109	(d)
SD18	610010	Signal Installation - AA	248,160	-	-	(118,666)	-	129,494	
SD19	525880	Streamview Drive	262,560	-	-	-	-	262,560	(a)
SD21	530550	Seismic Retro - Bridge W Mission Bay Dr	36,806	-	-	-	(36,806)	-	(d)
SD23	130050	Emergency Drainage Projects - AA	-	-	-	(161,919)	-	(161,919)	(e)
SD24	525450	Coastal Erosion - AA	-	-	-	(3,769)	-	(3,769)	(e)
SD29	524090	43rd Street Widening - Logan Avenue to I-805	391,228	-	-	-	-	391,228	(a)
SD38	525550	Georgia Street Bridge/University Ave Separation Replacement	1,373,293	-	-	186,748	-	1,560,041	(f)
SD65	526740	Torrey Pines Road Slope Reconstruction	374,975	-	-	-	(374,975)	-	(d)
SD70	526430	West Mission Bay Drive Bridge Over San Diego	144,616	-	-	(22,316)	-	122,300	
		Subtotal Local Streets and Roads	5,642,928	-	-	(396,067)	(1,702,087)	3,544,774	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ 5,642,928	\$ -	\$ -	\$ (396,067)	\$ (1,702,087)	\$ 3,544,774	
SD83	524550	SR 163 @ Friars Road	127,758	-	-	-	-	127,758	(a)
SD92	392163	Washington St and India	5,148	-	-	-	-	5,148	(c)
SD97	623370	Florence Griffith Joyner Elem Safe Route to School	202	-	-	(202)	-	-	
SD97	680170	Annual Allocation - Install City St Lights in High Crime Areas	377,689	-	-	-	-	377,689	
		Total SD97 Projects	377,891	-	-	(202)	-	377,689	
SD99	525190	Bridge rails - AA	123,573	-	-	(311)	-	123,262	
SD101	525540	First Avenue Bridge Over Maple Canyon Rehabilitation	332,577	-	-	-	-	332,577	(c)
SD106	527190	Mission Beach Boardwalk	89,542	-	-	(3,546)	-	85,996	
SD112	524790	Via de La Valle, San Andreas Rd to El Camino Real	31,313	-	-	(747)	-	30,566	
		Subtotal Local Streets and Roads	6,730,730	-	-	(400,873)	(1,702,087)	4,627,770	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ 6,730,730	\$ -	\$ -	\$ (400,873)	\$ (1,702,087)	\$ 4,627,770	
SD114	581470	Rose Creek Bikeway	217,784	-	-	-	-	217,784	(a)
SD127	540120	Shoal Creek Pedestrian Bridge - Phase I	20,091	-	-	-	-	20,091	(a)
SD129	527660	University Ave Mobility Study	-	-	-	(16)	-	(16)	(e)
SD130	527630	Skyline Drive - Street Enhancement	205,278	-	-	-	-	205,278	(a)
SD132	527170	Bird Rock Coastal Traffic Flow Improvement	16,267	-	-	-	(16,267)	-	(d)
SD133	526760	Vista Sorrento Pkwy @I-805 Modification	410,031	-	-	(5,620)	-	404,411	
SD135	530381	North Harbor Drive Bridge over Navy Estuary	75,394	-	-	-	-	75,394	(a)
SD136	581560	Ocean Beach/Hotel Circle	-	-	-	-	-	-	(d) (h)
SD137	527640	Palm Avenue/SR 75 Concept Study	179,928	-	-	-	(2,656)	177,272	(a) (h)
SD139	530610	Laurel Street Bridge Over	177,936	-	-	-	-	177,936	
SD154	527800	La Jolla Mesa Drive Sidewalk	8,533	-	-	(24,086)	-	(15,553)	(e)
SD156	527740	35th & 34th @Madison	2,940	-	-	-	-	2,940	(a)
SD157	527730	Cherokee Street Improvements	1,253	-	-	-	-	1,253	(a)
SD161	590230	Preliminary Engineering for Congestion Relief Projects	639,989	-	-	-	-	639,989	(c)
SD162	298650	Home Avenue Improvements	266,662	-	-	-	(266,662)	-	(d)
SD164	526790	Miramar Road	794,864	-	-	(30,803)	-	764,061	
SD166	582040	Minor Bicycle Facilities	451	-	-	(55,300)	-	(54,849)	(e)
SD167	527770	Potomac Street Improvement	1,724	-	-	-	(1,724)	-	(d)
SD170	527790	Skyline @ Cardiff Improvement	17,929	-	-	-	(17,929)	-	(d) (g)
SD171	582030	Taylor St Bikeway	247,126	-	-	-	-	247,126	(a)
SD172	590210	Transportation Grant Matches	402,682	-	-	-	-	402,682	(a)
		Subtotal Local Streets and Roads	10,417,592	-	-	(516,698)	(2,007,325)	7,893,569	

**SCHEDULE A**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ 10,417,592	\$ -	\$ -	\$ (516,698)	\$ (2,007,325)	\$ 7,893,569	
SD173	527820	38th Improvements	5,995	-	-	-	-	5,995	(a)
SD175	135010	Talbot Street Slope restoration	175,302	-	-	(33,580)	-	141,722	
SD181	528050	Soldedad Mtn Road Emergency	(504,456)	-	-	-	504,456	-	(d) (g)
SD208	S00602	Juan Street - Concrete Street	-	-	-	(74,729)	-	(74,729)	(e)
SD210	S00988	Five Points Neighborhood Pedestrian Impr	-	-	-	(1,645)	-	(1,645)	(e)
SD213	S00959	Ruffin Rd/Murphy Canyon Rd Bikeway	-	-	-	(1,000)	1,000	-	(d)
SD215	S12030	FY12 Asphalt Overlay Group 1	(2,141,731)	-	-	-	1,498,810	(642,921)	(d) (e) (g)
SD216	S12031	FY12 Asphalt Overlay Group 2	2,674	-	-	-	-	2,674	
SD219	S10130	Stockton Street Lights	(34,159)	-	-	(669)	50,000	15,172	(d)
		Subtotal Local Streets and Roads	7,921,217	-	-	(628,321)	46,941	7,339,837	
		Interest income	147,331	-	-	-	(147,331)	-	(d)
		Total Local Streets and Roads	8,068,548	-	-	(628,321)	(100,390)	7,339,837	
		GASB 31 Market Value Adjustment	(106,258)	-	-	-	-	(106,258)	(i)
		Total Local Streets and Roads with GASB 31 Market Value Adjustment	7,962,290	-	-	(628,321)	(100,390)	7,233,579	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>Bikes and Pedestrian:</b>									
SAN21	581420	San Diego Bike Path Design	\$ 36,154	\$ -	\$ 158	\$ (24,246)	\$ 416	\$ 12,482	(b) (j)
SD14	581270	State Route 15 Bikeway Study	56,336	-	246	-	649	57,231	(a) (b)
SD108	285036/ 581400	Bayshore Bikeway Feasibility Study (Non CIP)	30,966	-	136	-	356	31,458	(a) (b)
SD114	581470	Rose Creek / Pedestrian Bridge	119,466	-	524	-	1,377	121,367	(a)(b)
SD120	581910	San Diego River Multi-Use	4,341	-	19	-	51	4,411	(b)
SD121	581880	Balboa Avenue / Tierrasanta Blvd Bikeway	107,378	-	471	-	1,238	109,087	(b)
SD122	524631/ 581710	State Route 56 Bike Path	199,345	-	874	(99,761)	2,298	102,756	(b)
SD122	581760	Darkwood Canyon Connector Study	146	-	1	-	1	148	(b) (j)
		Total SD122 Projects	199,491	-	875	(99,761)	2,299	102,904	
SD141	580890	Poway Road Bike Path	429,082	-	1,881	(38,152)	4,945	397,756	(b)
SD143	581990	Rancho Bernardo Bikeway	193,749	-	849	852	2,233	197,683	(b) (k)
SD145	127004	Prop A Bicycle Safety Education	34,082	-	149	-	392	34,623	(b)
		Subtotal Bikes and Pedestrians	1,211,045	-	5,308	(161,307)	13,956	1,069,002	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ 1,211,045	\$ -	\$ 5,308	\$ (161,307)	\$ 13,956	\$ 1,069,002	
V02	581620	Coastal Rail Trail	124,145	-	544	-	1,430	126,119	(a) (b)
		Subtotal Bikes and Pedestrians	1,335,190	-	5,852	(161,307)	15,386	1,195,121	
		Interest Income	15,386	-	-	-	(15,386)	-	(b)
		Total Bikes and Pedestrian	1,350,576	-	5,852	(161,307)	-	1,195,121	
		GASB 31 Market Value Adjustment	(11,026)	-	2,063	-	-	(8,963)	(i)
		Total Bikes and Pedestrian with GASB 31 Market Value Adjustment	1,339,550	-	7,915	(161,307)	-	1,186,158	
		Total <i>TransNet</i>	11,899,789	-	15,902	(789,628)	(82,020)	11,044,043	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>Non-TransNet (Fund Deficits Covered by "Other Revenues")</b>									
<b>Additional TransNet Activity - Non Project Specific</b>									
OTHER	Other	Other Revenues	\$ 121,647	\$ -	\$ -	\$ -	\$ -	\$ 121,647	
		Total Non Project Specific Activity	<u>121,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,647</u>	
<b>Other (Non-TransNet) Streets and Roads:</b>									
SD107	524710	North Torrey Pines Road at Genesee	<u>3,067</u>	<u>-</u>	<u>-</u>	<u>(2,013)</u>	<u>-</u>	<u>1,054</u>	
		Total Other (Non-TransNet) Streets and Roads	<u>3,067</u>	<u>-</u>	<u>-</u>	<u>(2,013)</u>	<u>-</u>	<u>1,054</u>	
		Total Non-TransNet (Fund Deficits Covered By "Other Revenue")	<u>124,714</u>	<u>-</u>	<u>-</u>	<u>(2,013)</u>	<u>-</u>	<u>122,701</u>	
<b>TransNet Extension:</b>									
<b>Major Corridor:</b>									
SD108	581400	Bayshore Bikeway	<u>320,022</u>	<u>-</u>	<u>1,273</u>	<u>(36,951)</u>	<u>-</u>	<u>284,344</u>	
		Total Major Corridor	<u>320,022</u>	<u>-</u>	<u>1,273</u>	<u>(36,951)</u>	<u>-</u>	<u>284,344</u>	



**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPOP ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>Local Street Improvements:</b>									
<b>Congestion Relief - Pass Through:</b>									
SD16A	N/A	Regional Arterial Management Systems	-	67,600	-	(67,600)	-	-	
		Total Congestion Relief - Pass Through	-	67,600	-	(67,600)	-	-	
<b>Congestion Relief:</b>									
SD01	527130	Alvarado Road Realignment	61,439	-	-	(488)	-	60,951	(c)
SD06	525920	Aldine Drive Slope Reconstruction	1,455,335	-	-	(80,585)	-	1,374,750	
SD09	370640	Americans with Disabilities Improvements (ARRA)	(42,329)	27,502	-	(11,117)	-	(25,944)	(l)
SD09	A-IK.00001	New Walkways (ARRA)	(84,726)	152,071	-	36,331	-	103,676	(f)
SD09	527150	No. & So. Side Ridgehaven Ct Sidewalk	47,562	-	-	-	-	47,562	
SD09	527150	New Walkways	(21,025)	624,562	-	(855,867)	-	(252,330)	(l)
		Total SD09 Projects	(100,518)	804,135	-	(830,653)	-	(127,036)	
SD14	581270	SR 15 Bikeway	20,852	-	-	(16,046)	-	4,806	
SD14	581271	40th St. Promenade - Mid City Urban Trail	-	-	-	(15,000)	-	(15,000)	(l)
SD14	581272	Cherokee Traffic Calming	-	-	-	(59,879)	-	(59,879)	(l)
		Total SD14 Projects	20,852	-	-	(90,925)	-	(70,073)	
		Subtotal Congestion Relief	1,437,108	804,135	-	(1,002,651)	-	1,238,592	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project	Funds	Interest	Project	City	Project	Notes
			Status July 1, 2013	Received	Income	Expenditures	Adjustments	Status June 30, 2014	
		Balance carried forward	<u>\$ 1,437,108</u>	<u>\$ 804,135</u>	<u>\$ -</u>	<u>\$ (1,002,651)</u>	<u>\$ -</u>	<u>\$ 1,238,592</u>	
SD15	522930	Street Lights - Smart Growth Areas	<u>36,511</u>	<u>-</u>	<u>-</u>	<u>(31,595)</u>	<u>-</u>	<u>4,916</u>	
SD16A	623310	Traffic Signal Interconnect Projects	<u>-</u>	<u>34,165</u>	<u>-</u>	<u>(65,936)</u>	<u>-</u>	<u>(31,771)</u>	(l)
SD16A	630020	Traffic Signals - Replace Obsolete Controllers	<u>57,979</u>	<u>-</u>	<u>-</u>	<u>(24,879)</u>	<u>-</u>	<u>33,100</u>	
SD16A	680010	Cooperative Signal Projects	<u>33,943</u>	<u>3,860</u>	<u>-</u>	<u>(68,995)</u>	<u>-</u>	<u>(31,192)</u>	(l)
SD16A	680100	Traffic Signals - Citywide	<u>2,032</u>	<u>229,989</u>	<u>-</u>	<u>(232,645)</u>	<u>-</u>	<u>(624)</u>	(l)
SD16A	680110	Traffic Signals - Modifications/ Modernization	<u>(193,951)</u>	<u>541,601</u>	<u>-</u>	<u>(718,569)</u>	<u>-</u>	<u>(370,919)</u>	(l)
SD16A	680110	Traffic Signals - Modifications/ Modernization (ARRA)	<u>25,544</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,044</u>	
		Total SD16A Projects	<u>(74,453)</u>	<u>810,115</u>	<u>-</u>	<u>(1,111,024)</u>	<u>-</u>	<u>(375,362)</u>	
SD18	610010	Traffic Control/Calming Measures - Smart Growth Areas	<u>6,498</u>	<u>312,074</u>	<u>-</u>	<u>(612,376)</u>	<u>-</u>	<u>(293,804)</u>	(l)
SD19	525880	Streamview Drive	<u>(952)</u>	<u>139,491</u>	<u>-</u>	<u>(141,833)</u>	<u>-</u>	<u>(3,294)</u>	(l)
SD23	130050	Z St Natural Storm Drain	<u>76,607</u>	<u>-</u>	<u>-</u>	<u>(40,263)</u>	<u>-</u>	<u>36,344</u>	
SD29	524090	43rd Street Widening	<u>11,010</u>	<u>51,934</u>	<u>-</u>	<u>(66,076)</u>	<u>-</u>	<u>(3,132)</u>	(l)
		Subtotal Congestion Relief	<u>1,492,329</u>	<u>2,117,749</u>	<u>-</u>	<u>(3,005,818)</u>	<u>-</u>	<u>604,260</u>	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ 1,492,329	\$ 2,117,749	\$ -	\$ (3,005,818)	\$ -	\$ 604,260	
SD31	525170	Carmel Valley Road	(18,163)	-	-	(8,999)	46,573	19,411	(d)
SD32	523920	Carroll Cnyn Rd Sorrento Valley Rd to I-805	4,947	168,575	-	(193,333)	-	(19,811)	(l)
SD34	524790	El Camino Real Road and Bridge Widening	87,304	-	-	(12,642)	-	74,662	
SD38	525550	Georgia St Bridge & University Ave	8,952	74,770	-	(101,931)	-	(18,209)	(l)
SD49	524060	Thorn Street Median Improvements (ARRA)	12,882	-	-	-	-	12,882	(c)
SD49	528080	Median Installation	(10,276)	78,963	-	(78,244)	-	(9,557)	(l)
		Total SD49 Projects	2,606	78,963	-	(78,244)	-	3,325	
SD51	530500	North Torrey Pines Road Bridge over Los Penasquitos Creek	138,637	-	-	(127,214)	-	11,423	
SD70	526430	West Mission Bay Drive Bridge over San Diego River	17,562	159,471	-	(162,811)	-	14,222	
SD83	524550	State Route 163 and Friars Road, Phase I	238,587	-	-	(377,844)	-	(139,257)	(l)
		Subtotal Congestion Relief	1,972,761	2,599,528	-	(4,068,836)	46,573	550,026	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ 1,972,761	\$ 2,599,528	\$ -	\$ (4,068,836)	\$ 46,573	\$ 550,026	
SD86	121520	Famosa Slough Salt Marsh Restoration	2,938	-	-	(6,209)	-	(3,271)	(l)
SD90	527450	Clairemont Mesa/SR163	(4,967,180)	4,623,881	-	(48,549)	-	(391,848)	(l)
SD92	390861	Azalea Park Artistic Enhancement	36,783	-	-	-	(36,783)	-	(m)
SD92	390860	Azalea Park Rdway Improvements and Neighborhood ID	-	-	-	(11,566)	36,783	25,217	(m)
		Total SD92 Projects	36,783	-	-	(11,566)	-	25,217	
SD97	S-10154	Kelton Road Ped Improv.	-	26,748	-	(27,600)	-	(852)	(l)
SD97	S-11058	Bicycle Loop Detectors	-	14	-	(14)	-	-	
SD97	680170	School Traffic Safety Improvements	139,841	80,863	-	(276,409)	-	(55,705)	(l)
SD97	622670	Central Elementary School-Safe Route to School	30,485	-	-	-	(30,485)	-	(a) (d)
SD97	L-10010	Safe Route to School Sidewalks Nestor Berry	780	-	-	-	-	780	
		Total SD97 Projects	171,106	107,625	-	(304,023)	(30,485)	(55,777)	
SD99	525190	Bridge Rehabilitation	63,148	-	-	(17,968)	-	45,180	
		Subtotal Congestion Relief	(2,720,444)	7,331,034	-	(4,457,151)	16,088	169,527	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPOP ID	Project Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2013	Received	Income	Expenditures	Adjustments	June 30, 2014	
		Balance carried forward	<u>\$ (2,720,444)</u>	<u>\$ 7,331,034</u>	<u>\$ -</u>	<u>\$ (4,457,151)</u>	<u>\$ 16,088</u>	<u>\$ 169,527</u>	
SD102	526821	Otay Mesa Truck Route Phase 3	<u>(22,674)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,674</u>	<u>-</u>	(a)
SD102A	S11060	Otay Mesa Truck Route Phase 4	<u>584,166</u>	<u>-</u>	<u>-</u>	<u>(107,967)</u>	<u>(22,674)</u>	<u>453,525</u>	(d)
SD103	S-00839	Intstate 5/Genesse Ave Widening	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>579,000</u>	<u>579,000</u>	(d) (n)
SD108	581400	Bayshore Bikeway	<u>-</u>	<u>46,528</u>	<u>-</u>	<u>(123,319)</u>	<u>-</u>	<u>(76,791)</u>	(l)
SD108	581400	Bayshore Bikeway (ARRA)	<u>-</u>	<u>66,017</u>	<u>-</u>	<u>(116,775)</u>	<u>-</u>	<u>(50,758)</u>	(l)
		Total SD108 Projects	<u>-</u>	<u>112,545</u>	<u>-</u>	<u>(240,094)</u>	<u>-</u>	<u>(127,549)</u>	
SD113	527650	Sorrento valley Rd & I-5 Interchange	<u>12,615</u>	<u>34,411</u>	<u>-</u>	<u>(63,748)</u>	<u>-</u>	<u>(16,722)</u>	(l)
SD114	581470	Rose Creek Bikeway (ARRA)	<u>(4,949)</u>	<u>8,688</u>	<u>-</u>	<u>(10,957)</u>	<u>-</u>	<u>(7,218)</u>	(l)
SD120	581910	San Diego River Multi-Use Bicycle Pedestrian Path	<u>(39,382)</u>	<u>579,949</u>	<u>-</u>	<u>(807,593)</u>	<u>-</u>	<u>(267,026)</u>	(l)
SD120A	581910	Hazard Center Road Bike Path Study at SR 163	<u>25,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,363</u>	(a)
		Subtotal Congestion Relief	<u>(2,165,305)</u>	<u>8,066,627</u>	<u>-</u>	<u>(5,687,510)</u>	<u>595,088</u>	<u>808,900</u>	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ (2,165,305)	\$ 8,066,627	\$ -	\$ (5,687,510)	\$ 595,088	\$ 808,900	
SD127	540120	Shoal Creek Pedestrian Bridge	539	260,206	-	(423,284)	-	(162,539)	(l)
SD127	540120	Shoal Creek Pedestrian Bridge (ARRA)	(129,230)	1,462,675	-	(1,472,724)	-	(139,279)	(l)
		Total SD127 Projects	(128,691)	1,722,881	-	(1,896,008)	-	(301,818)	
SD129	527660	University Avenue Mobility Project	45,722	-	-	(24,536)	-	21,186	
SD129	527660	University Avenue Mobility Project (ARRA)	(44,848)	76,192	-	(46,694)	-	(15,350)	
		Total SD129 Projects	874	76,192	-	(71,230)	-	5,836	
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St.	4,726	-	-	(2,052)	-	2,674	
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St. (ARRA)	3,014	-	-	(3,014)	-	-	
		Total SD130 Projects	7,740	-	-	(5,066)	-	2,674	
SD132	527170	Bird Rock Coastal Traffic Flow Improvements	16,088	-	-	-	(16,088)	-	(d) (g)
SD133	526760	Mira Sorrento Place (Biological Monitoring)	42,352	-	-	(1,224)	-	41,128	
		Subtotal Congestion Relief	(2,226,942)	9,865,700	-	(7,661,038)	579,000	556,720	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ (2,226,942)	\$ 9,865,700	\$ -	\$ (7,661,038)	\$ 579,000	\$ 556,720	
SD137	527640	Palm Avenue Roadway Improvements	13,920	329,955	-	(255,285)	-	88,590	
SD139	530610	Laurel Street (Cabrillo) Bridge over SR 163	13,594	19,748	-	(32,752)	-	590	
SD153	623320	25th Street Renaissance Project	(2,486)	226,834	-	(619,446)	-	(395,098)	(l)
SD156	527740	34th & 35th at Madison Improvements	(2,690)	165,652	-	(186,838)	-	(23,876)	(l)
SD157	527730	Cherokee Street Improvements	957	24,506	-	(25,612)	-	(149)	(l)
SD161	590230	Five Year CIP Programming	566,801	-	-	-	(566,801)	-	(d)
SD162	298650	Home Avenue Street Improvements	5,481	20,145	-	(28,297)	-	(2,671)	(l)
SD166	582040	Minor Bicycle Facilities	10,067	20,079	-	(35,480)	-	(5,334)	(l)
SD172	590210	Transportation Grant Match	23,485	-	-	(23,485)	-	-	
SD173	527820	38th Street Improvements	35,710	-	-	-	-	35,710	(a)
SD173	527820	38th Street Improvements (ARRA)	(19,926)	97,620	-	(132,389)	-	(54,695)	(l)
		Total SD173 Projects	15,784	97,620	-	(132,389)	-	(18,985)	
		Subtotal Congestion Relief	(1,582,029)	10,770,239	-	(9,000,622)	12,199	199,787	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ (1,582,029)	\$ 10,770,239	\$ -	\$ (9,000,622)	\$ 12,199	\$ 199,787	
SD175	135010	Talbot Street Slope Reconstruction	822	353,040	-	(470,610)	-	(116,748)	(l)
SD179	527540	Linda Vista Road and Genesee Avenue	(1,635)	40,330	-	(41,767)	-	(3,072)	(l)
SD186	002000	Administrative Expenses - Comptrollers	2,751	53,440	-	(70,110)	13,919	-	(m)
SD186	002150	Administrative Expenses - Engineering	-	217,847	-	(201,177)	(13,919)	2,751	(m)
		Total SD186 Projects	2,751	271,287	-	(271,287)	-	2,751	
SD188	003710	Congestion Relief /Traffic Signal Operations	2,441	1,200,000	-	(1,199,999)	-	2,442	
SD196	S-00613	Torrey Pines Improvements Phase I	-	174	-	(174)	-	-	
SD196	S-00613	Torrey Pines Improvements Phase I (ARRA)	963	77,003	-	(79,689)	-	(1,723)	(l)
		Total SD196 Projects	963	77,177	-	(79,863)	-	(1,723)	
SD198	581272	Cherokee Traffic Calming	3,119	-	-	-	-	3,119	
SD205	S11054	Park Blvd and Essex Street	17,372	-	-	(37,299)	-	(19,927)	(l)
SD206	S11055	Fourth Ave and Quince Street	3,969	40,130	-	(44,099)	-	-	
SD207	S-11056	Fourth Ave/Fifth Avenue & Nutmeg St	2,154	49,241	-	(50,048)	-	1,347	
SD208	S00602	Juan Street - Concrete Street	-	29,529	-	(26,844)	-	2,685	
		Subtotal Congestion Relief	(1,550,073)	12,830,973	-	(11,222,438)	12,199	70,661	



**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ (1,550,073)	\$ 12,830,973	\$ -	\$ (11,222,438)	\$ 12,199	\$ 70,661	
SD209	526740	Torrey Pines Road Slope Reconstruction	(11,487)	119,192	-	(120,541)	-	(12,836)	(l)
SD210	392160	Washington/Goldfinch Intersection Improvements	(100,791)	127,458	-	(27,473)	806	-	(a) (m)
SD210	392163	Washington St @ India St Median Improvements	806	-	-	-	(806)	-	(a) (m)
SD210	640050	Five Points Neighborhood Pedestrian Impr	-	-	-	(19,532)	-	(19,532)	(l)
		Total SD210 Projects	(99,985)	127,458	-	(47,005)	-	(19,532)	
SD213	581950	Ruffin Rd/ Murphy Cyn Rd Bikeway (ARRA)	4,750	15,000	-	(19,750)	-	-	
SD215	S-12030	FY12 Asphalt Group 1	163,169	766,719	-	(844,502)	-	85,386	
SD216	S-12031	FY12 Asphalt Group 2	187,752	-	-	(4,697)	-	183,055	(c)
SD216	S-12031	FY12 Asphalt Group 2 (ARRA)	16,718	-	-	-	-	16,718	(c)
		Total SD216 Projects	204,470	-	-	(4,697)	-	199,773	
		Interest income	(68,350)	-	24,134	-	43,364	(852)	(b) (d)
		Total Congestion Relief	(1,357,506)	13,859,342	24,134	(12,258,933)	55,563	322,600	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		<b>Maintenance:</b>							
SD176	002500	Maintenance	\$ (1,936,006)	\$ 10,602,224	\$ -	\$ (8,666,218)	\$ -	\$ -	
		Subtotal Maintenance	(1,936,006)	10,602,224	-	(8,666,218)	-	-	
		Interest Income	(19,841)	-	5,589	-	26,457	12,205	(d)
		Total Maintenance	(1,955,847)	10,602,224	5,589	(8,666,218)	26,457	12,205	
		Total Local Street Improvements	(3,313,353)	24,529,166	29,723	(20,992,751)	82,020	334,805	
		<b>Bikes and Pedestrian:</b>							
SD191	1000321-2010	Bicycle Detection SR-15 Bike Path	-	71,512	-	14	(71,526)	-	(k) (r)
SD221	1000408-2013	SD River Bike Path & Mission Ctr Blvd. Impr	-	-	-	(68,820)	-	(68,820)	(o)
SD222	1000405-2013	Chollas Crk to Bayshore Bkwy - Multi-Use	-	57,253	-	(221,625)	-	(164,372)	(o)
SD223	1000409-2013	Microwave Bicycle Detection (The Intersector)	-	-	-	(194,094)	-	(194,094)	(o)
		Total Bikes and Pedestrian	-	128,765	-	(484,525)	(71,526)	(427,286)	
		<b>Smart Growth:</b>							
SD201	1000275-2010	Smart Growth - BRT	(75,064)	38,942	-	18,647	-	(17,475)	(o) (p)
SD202	1000274-2010	Smart Growth - Chollas	(70,295)	37,133	-	(78,653)	-	(111,815)	(o)
		Subtotal Smart Growth	(145,359)	76,075	-	(60,006)	-	(129,290)	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		Balance carried forward	\$ (145,359)	\$ 76,075	\$ -	\$ (60,006)	\$ -	\$ (129,290)	
SD203	1000293-2010	SGIP Euclid & Market	(130,274)	-	-	-	-	(130,274)	(o)
SD204	1000294-2010	SGIP Comm & Imperial	(70,952)	-	-	150	-	(70,802)	(o) (p)
SD205	1000310-2010	Park Blvd and Essex Street	(224,000)	195,007	-	28,993	-	-	(q)
SD206	1000310-2010	Fourth Ave and Quince Street	(132,250)	90,139	-	42,111	-	-	(q)
SD207	1000310-2010	Fourth Ave/Fifth Ave & Nutmeg Street	(118,343)	69,959	-	48,384	-	-	(q)
SD214	1000426-2014	Park Blvd./City College/San Diego High	-	43,185	-	(47,983)	-	(4,798)	(o)
		Total Smart Growth	<u>(821,178)</u>	<u>474,365</u>	<u>-</u>	<u>11,649</u>	<u>-</u>	<u>(335,164)</u>	
		<b>Environmental Mitigation:</b>							
V08	1000323-2011	San Pasqual Valley Weed Management	-	-	-	-	(6,940)	(6,940)	(r)
		Total Environmental Mitigation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,940)</u>	<u>(6,940)</u>	
		Total <i>TransNet</i> Extension	<u>(3,814,509)</u>	<u>25,132,296</u>	<u>30,996</u>	<u>(21,502,578)</u>	<u>3,554</u>	<u>(150,241)</u>	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>8,085,280</u>	<u>25,132,296</u>	<u>46,898</u>	<u>(22,292,206)</u>	<u>(78,466)</u>	<u>10,893,802</u>	
		Total <i>TransNet</i> , <i>TransNet</i> Extension and Non- <i>TransNet</i>	8,209,994	25,132,296	46,898	(22,294,219)	(78,466)	11,016,503	
		GASB 31 Market Value Adjustment	<u>(46,065)</u>	<u>-</u>	<u>17,960</u>	<u>-</u>	<u>-</u>	<u>(28,105)</u>	
		Total <i>TransNet</i> and <i>TransNet</i> Extension with GASB 31 market Value Adjustment	<u>\$ 8,039,215</u>	<u>\$ 25,132,296</u>	<u>\$ 64,858</u>	<u>\$ (22,292,206)</u>	<u>\$ (78,466)</u>	<u>\$ 10,865,697</u>	

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
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- Notes:**
- (a) Estimated completion dates for projects: CAL28 6/30/2016; SD16A (680010) funds expended as needed in Annual project; SD19 6/30/16; SD29 6/30/15; SD83 6/30/19; SD114 (581470) 6/30/15; SD127 6/30/16; SD130 6/30/15; SD135 6/30/17; SD137 6/30/16; SD156 6/30/16; SD157 6/30/16; SD161 6/30/14; SD97 (622670) 06/30/14; SD102 (526821) 06/30/16; SD171 6/30/15; SD172 funds expended as needed in Annual projects; SD173 6/30/16; SD210 (392160) 06/30/14; SD210 (392163) 06/30/15; SD14 6/30/15; SD108 6/30/18; SD114 6/30/15; V02 6/30/18; SD120A 6/30/15.
  - (b) Re-Allocation of Prior Year Interest
  - (c) City project completed in FY 14. Remaining funds to be transferred to other RTIP projects in FY 15. The City obtained council approval on May 12, 2015 - Resolution # 309677
  - (d) The City obtained Council approval R-309054 authorizing transfer between projects.
  - (e) The City obtained Council approval on May 12, 2015 - Resolution # 309677 to transfer *TransNet* funds and process RTIP Amendment 14-05.
  - (f) It is the practice of the City to submit for reimbursement to Federal and State Grants prior to requesting reimbursement from SANDAG. This resulted in an adjustment to PY expenditures.
  - (g) City project completed in FY 13.
  - (h) In the FY 13 AUP, council approved movement of funds from Non-*TransNet* SD136 into *TransNet* SD136. The funds were inadvertently moved into SD137. Adjustment moves funds into the appropriate project per the Board Resolution.
  - (i) GASB 31 balance represents the unrealized gain/loss for FY 14.
  - (j) Project is complete. Remaining funds will be returned to SANDAG within 30 days after receiving the request from SANDAG.
  - (k) Amount represents reversal of PY payroll accruals included on Schedule A.
  - (l) Draw-down of funds in FY 15 will be requested in compliance with the 30% Rule.
  - (m) Transfer expenditures between projects within the same MPO ID.
  - (n) The City obtained SANDAG approval via RTIP Amendment 14-00.
  - (o) To remove the deficit balance, the City will submit for reimbursement in FY15.
  - (p) Expenditures moved to the General Fund
  - (q) Expenditures moved to *TransNet* Extension Congestion Relief
  - (r) The City adjustment relates to PY expenditures not reported on Schedule A.

**SCHEDULE B**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Major Corridor:</b>							
SD108	581400	Bayshore Bikeway	\$ 3,774,000	\$ 254,031	\$ (3,743,687)	\$ -	\$ 284,344
		Total Major Corridor	<u>3,774,000</u>	<u>254,031</u>	<u>(3,743,687)</u>	<u>-</u>	<u>284,344</u>
<b>Local Street Improvements:</b>							
<b>Congestion Relief - Pass Through:</b>							
		Regional Arterial Management Systems	<u>135,200</u>	<u>-</u>	<u>(135,200)</u>	<u>-</u>	<u>-</u>
		Total Congestion Relief - Pass Through	<u>135,200</u>	<u>-</u>	<u>(135,200)</u>	<u>-</u>	<u>-</u>
<b>Congestion Relief:</b>							
SD01	527130	Alvarado Road Realignment	<u>100,000</u>	<u>(425)</u>	<u>(38,624)</u>	<u>-</u>	<u>60,951</u>
SD06	525920	Aldine Drive Slope Reconstruction	<u>2,123,201</u>	<u>(27,850)</u>	<u>(717,322)</u>	<u>(3,279)</u>	<u>1,374,750</u>
SD09	370640	Americans with Disabilities Improvements (ARRA)	432,620	(5,108)	(529,190)	75,734	(25,944)
SD09	A-IK.00001	New Walkways (ARRA)	1,653,073	(8,383)	(1,597,798)	56,784	103,676
SD09	527150	No. & So. Side Ridgehaven Ct Sidewalk	232,767	(2,757)	(298,609)	116,161	47,562
SD09	527150	New Walkways	<u>1,115,675</u>	<u>-</u>	<u>(1,440,039)</u>	<u>72,034</u>	<u>(252,330)</u>
		Total SD09 Projects	<u>3,434,135</u>	<u>(16,248)</u>	<u>(3,865,636)</u>	<u>320,713</u>	<u>(127,036)</u>
		Subtotal Congestion Relief	<u>5,657,336</u>	<u>(44,523)</u>	<u>(4,621,582)</u>	<u>317,434</u>	<u>1,308,665</u>

**SCHEDULE B**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance carried forward	\$ 5,657,336	\$ (44,523)	\$ (4,621,582)	\$ 317,434	\$ 1,308,665
SD14	581270	SR 15 Bikeway	108,663	(178)	(103,679)	-	4,806
SD14	581271	40th St. Promenade - Mid City Urban Trail	51,337	-	(66,337)	-	(15,000)
SD14	581272	Cherokee Traffic Calming	-	-	(59,879)	-	(59,879)
		Total SD 14 Projects	160,000	(178)	(229,895)	-	(70,073)
SD15	522930	Street Lights - Smart Growth Areas	311,000	(4,702)	(301,382)	-	4,916
SD16A	623310	Traffic Signal Interconnect Projects	266,713	(1,572)	(173,350)	(123,562)	(31,771)
SD16A	630020	Traffic Signals - Replace Obsolete Controllers	75,000	(1,193)	(40,707)	-	33,100
SD16A	680010	Cooperative Signal Projects	203,860	(3,179)	(81,133)	(150,740)	(31,192)
SD16A	680100	Traffic Signals - Citywide	819,159	(4,826)	(1,080,010)	265,053	(624)
SD16A	680110	Traffic Signals - Modifications/Modernization	2,262,054	(3,471)	(2,579,942)	(49,560)	(370,919)
SD16A	680110	Traffic Signals - Modifications/Modernization (ARRA)	52,139	-	(26,095)	-	26,044
		Total SD16A Projects	3,678,925	(14,241)	(3,981,237)	(58,809)	(375,362)
SD18	610010	Traffic Control/Calming Measures - Smart Growth Are	820,365	(2,224)	(1,111,945)	-	(293,804)
SD19	525880	Streamview Drive	319,491	(2,862)	(319,923)	-	(3,294)
SD23	130050	Z St Natural Storm Drain	2,550,564	(1,690)	(214,039)	(2,298,491)	36,344
		Subtotal Congestion Relief	13,497,681	(70,420)	(10,780,003)	(2,039,866)	607,392

**SCHEDULE B**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance carried forward	\$ 13,497,681	\$ (70,420)	\$ (10,780,003)	\$ (2,039,866)	\$ 607,392
SD29	524090	43rd Street Widening	2,442,254	-	(2,445,386)	-	(3,132)
SD31	525170	Carmel Valley Road	281,657	3,761	(180,472)	(85,535)	19,411
SD32	523920	Carroll Cnyn Rd Sorrento Valley Rd to I-805	10,198,336	20,855	(10,388,910)	149,908	(19,811)
SD34	524790	El Camino Real Road and Bridge Widening	625,000	2,965	(553,493)	190	74,662
SD38	525550	Georgia St Bridge & University Ave	238,291	916	(380,705)	123,289	(18,209)
SD49	528080	Thorn Street Median Improvements (ARRA)	210,000	-	(197,118)	-	12,882
SD49	528080	Median Installation	465,338	(4,375)	(471,053)	533	(9,557)
		Total SD49 Projects	675,338	(4,375)	(668,171)	533.00	3,325
SD51	530500	North Torrey Pines Road Bridge over Los Penasquitos Creek	427,318	1,817	(361,227)	(56,485)	11,423
SD70	526430	West Mission Bay Drive Bridge over San Diego River	529,206	(1,394)	(513,590)	-	14,222
SD83	524550	State Route 163 and Friars Road, Phase I	2,320,721	(27,402)	(2,372,733)	(59,843)	(139,257)
SD86	121520	Famosa Slough Salt Marsh Restoration	69,000	483	(88,962)	16,208	(3,271)
		Subtotal Congestion Relief	31,304,802	(72,794)	(28,733,652)	(1,951,601)	546,755

**SCHEDULE B**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance carried forward	\$ 31,304,802	\$ (72,794)	\$ (28,733,652)	\$ (1,951,601)	\$ 546,755
SD90	527450	Clairemont Mesa/SR163	7,174,788	(10,234)	(7,054,166)	(502,236)	(391,848)
SD92	390861	Azalea Park Artistic Enhancement	60,000	-	(70,838)	10,838	-
SD92	390860	Azalea Park Rdway Improvements and Neighborhood ID	150,000	317	(27,332)	(97,768)	25,217
		Total SD92 Projects	210,000	317	(98,170)	(86,930)	25,217
SD97	S-10154	Kelton Road Ped Improv.	26,748	-	(27,600)	-	(852)
SD97	S-11058	Bicycle Loop Detectors	804	-	(9,749)	8,945	-
SD97	680170	School Traffic Safety Improvements	419,973	(4,126)	(432,122)	(39,430)	(55,705)
SD97	680170	Central Elementary School-Safe Route to School	30,485	-	(30,485)	-	-
SD97	L-10010	Safe Route to School Sidewalks Nestor Berry	15,000	-	(14,220)	-	780
		Total SD97 Projects	493,010	(4,126)	(514,176)	(30,485)	(55,777)
SD99	525190	Bridge Rehabilitation	100,000	(492)	(53,549)	(779)	45,180
SD102	526821	Otay Mesa Truck Route Phase 3	283,093	-	(305,767)	22,674	-
SD102A	S11060	Otay Mesa Truck Route Phase 4	733,093	-	(256,894)	(22,674)	453,525
SD103	S-00839	Intstate 5/Genesse Ave Widening	-	-	-	579,000	579,000
		Subtotal Congestion Relief	40,298,786	(87,329)	(37,016,374)	(1,993,031)	1,202,052



**SCHEDULE B**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance carried forward	\$ 40,298,786	\$ (87,329)	\$ (37,016,374)	\$ (1,993,031)	\$ 1,202,052
SD108	581400	Bayshore Bikeway	46,528	-	(123,319)	-	(76,791)
SD108	581400	Bayshore Bikeway (ARRA)	66,017	-	(116,775)	-	(50,758)
		Total SD108 Projects	112,545	-	(240,094)	-	(127,549)
SD113	527650	Sorrento valley Rd & I-5 Interchange	189,189	-	(205,911)	-	(16,722)
SD114	581470	Rose Creek Bikeway (ARRA)	3,826,656	(2,321)	(3,901,593)	70,040	(7,218)
SD120	581910	San Diego River Multi-Use Bicycle & Pedestrian Path	1,144,363	3,187	(1,413,987)	(589)	(267,026)
SD120A	581910	Hazard Center Road Bike Path Study at SR 163	25,363	-	-	-	25,363
SD127	540120	Shoal Creek Pedestrian Bridge	290,206	539	(453,284)	-	(162,539)
SD127	540120	Shoal Creek Pedestrian Bridge (ARRA)	1,993,725	(2,543)	(2,130,461)	-	(139,279)
		Total SD127 Projects	2,283,931	(2,004)	(2,583,745)	-	(301,818)
SD129	527660	University Avenue Mobility Project	593,619	(1,380)	(408,967)	(162,086)	21,186
SD129	527660	University Avenue Mobility Project (ARRA)	117,898	-	(133,248)	-	(15,350)
		Total SD129 Projects	711,517	(1,380)	(542,215)	(162,086)	5,836
		Subtotal Congestion Relief	48,592,350	(89,847)	(45,903,919)	(2,085,666)	512,918

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance carried forward	\$ 48,592,350	\$ (89,847)	\$ (45,903,919)	\$ (2,085,666)	\$ 512,918
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St.	1,675,000	2,675	(1,675,001)	-	2,674
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St. (ARRA)	325,000	-	(325,000)	-	-
		Total SD130 Projects	2,000,000	2,675	(2,000,001)	-	2,674
SD132	527170	Bird Rock Coastal Traffic Flow Improvements	-	15,522	(769,434)	753,912	-
SD133	526760	Mira Sorrento Place (Biological Monitoring)	60,000	(926)	(17,946)	-	41,128
SD137	527640	Palm Avenue Roadway Improvements	1,002,944	(1,627)	(912,727)	-	88,590
SD139	530610	Laurel Street (Cabrillo) Bridge over Highway 163	69,748	(796)	(68,362)	-	590
SD153	623320	25th Street Renaissance Project	591,749	(1,201)	(985,646)	-	(395,098)
SD156	527740	34th & 35th at Madison Improvements	337,996	(1,241)	(360,631)	-	(23,876)
SD157	527730	Cherokee Street Improvements	329,307	(321)	(329,135)	-	(149)
SD161	590230	Five Year CIP Programming	575,956	(9,155)	-	(566,801)	-
SD162	298650	Home Avenue Street Improvements	80,436	-	(83,107)	-	(2,671)
		Subtotal Congestion Relief	53,640,486	(86,917)	(51,430,908)	(1,898,555)	224,106

**SCHEDULE B**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance carried forward	\$ 53,640,486	\$ (86,917)	\$ (51,430,908)	\$ (1,898,555)	\$ 224,106
SD166	582040	Minor Bicycle Facilities	35,079	(171)	(40,242)	-	(5,334)
SD172	290210	Transportation Grant Match	56,657	-	(100,000)	43,343	-
SD173		38th Street Improvements	-	-	-	35,710	35,710
SD173	527820	38th Street Improvements (ARRA)	423,323	(1,183)	(476,835)	-	(54,695)
		Total SD173 Projects	423,323	(1,183)	(476,835)	35,710	(18,985)
SD175	135010	Talbot Street Slope Reconstruction	419,859	579	(537,186)	-	(116,748)
SD179	527540	Linda Vista Road and Genesee Avenue	157,919	(483)	(160,508)	-	(3,072)
SD186	002000	Administrative Expenses - Comptrollers	438,815	2,320	(451,059)	9,924	-
SD186	002150	Administrative Expenses - Engineering	1,066,146	431	(1,053,902)	(9,924)	2,751
		Total SD186 Projects	1,504,961	2,751	(1,504,961)	-	2,751
SD188	003710	Congestion Relief /Traffic Signal Operations	7,966,496	39,944	(8,003,998)	-	2,442
SD196	S-00613	Torrey Pines Improvements Phase I	174	-	(174)	-	-
SD196	S-00613	Torrey Pines Improvements Phase I (ARRA)	411,697	(1,997)	(411,423)	-	(1,723)
		Total SD196 Projects	411,871	(1,997)	(411,597)	-	(1,723)
		Subtotal Congestion Relief	64,616,651	(47,477)	(62,666,235)	(1,819,502)	83,437

**SCHEDULE B**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance carried forward	\$ 64,616,651	\$ (47,477)	\$ (62,666,235)	\$ (1,819,502)	\$ 83,437
SD198	581272	Cherokee Traffic Calming	260,000	-	(256,881)	-	3,119
SD205	S11054	Park Blvd and Essex Street	96,000	-	(115,927)	-	(19,927)
SD206	S11055	Fourth Ave and Quice Street	83,130	-	(83,130)	-	-
SD207	S-11056	Fourth Ave/Fifth Avenu & Nutmeg St	69,241	-	(67,894)	-	1,347
SD208	S00602	Juan Street - Concrete Street	29,529	-	(26,844)	-	2,685
SD209	526740	Torrey Pines Road Slope Reconstruction	246,666	-	(259,502)	-	(12,836)
SD210	392160	Washington/Goldfinch Intersection Improvements	127,458	-	(27,473)	(99,985)	-
SD210	392163	Washington St @ India St Median Improvement	60,582	-	(59,776)	(806)	-
SD210	640050	Five Points Neighborhood Pedestrian Impr	-	-	(19,532)	-	(19,532)
		Total SD210 Projects	188,040	-	(106,781)	(100,791)	(19,532)
SD213	581950	Ruffin Rd/ Murphy Cyn Rd Bikeway (ARRA)	30,000	-	(30,000)	-	-
SD215	S-12030	FY12 Asphalt Group 1	3,358,773	-	(3,273,387)	-	85,386
SD216	S-12031	FY12 Asphalt Group 2	2,380,902	-	(2,197,847)	-	183,055
SD216	S-12031	FY12 Asphalt Group 2 (ARRA)	335,617	-	(318,899)	-	16,718
		Total SD216 Projects	2,716,519	-	(2,516,746)	-	199,773
		Subtotal Congestion Relief	71,694,549	(47,477)	(69,403,327)	(1,920,293)	323,452

**SCHEDULE B**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
		Balance carried forward	\$ 71,694,549	\$ (47,477)	\$ (69,403,327)	\$ (1,920,293)	\$ 323,452
		Interest Income 70% Congestion Relief	-	(44,216)	-	43,364	(852)
		Total Congestion Relief	71,694,549	(91,693)	(69,403,327)	(1,876,929)	322,600
		<b>Maintenance:</b>					
SD176	002500	Maintenance	46,148,484	(61,556)	(46,086,928)	-	-
		Subtotal Maintenance	46,148,484	(61,556)	(46,086,928)	-	-
		Interest Income 30% Maintenance	-	(14,252)	-	26,457	12,205
		Total Maintenance	46,148,484	(75,808)	(46,086,928)	26,457	12,205
		Total Local Street Improvements	117,843,033	(167,501)	(115,490,255)	(1,850,472)	334,805
		<b>Bikes and Pedestrian:</b>					
SD191	1000321-2010	Bicycle Detection SR-15 Bike Path	71,512	-	14	(71,526)	-
SD221	1000408-2013	SD River Bike Path & Mission Ctr Blvd. Impr	-	-	(68,820)	-	(68,820)
SD222	1000405-2013	Chollas Crk to Bayshore Bkwy - Multi-Use	57,253	-	(221,625)	-	(164,372)
SD223	1000409-2013	Microwave Bicycle Detection (The Intersector)	-	-	(194,094)	-	(194,094)
		Total Bikes and Pedestrian	128,765	-	(484,525)	(71,526)	(427,286)

**SCHEDULE B**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>Smart Growth Improvement:</b>							
SD201	1000275-2010	Smart Growth - BRT	\$ 187,035	\$ -	\$ (204,510)	\$ -	\$ (17,475)
SD202	1000274-2010	Smart Growth - Chollas	102,410	-	(214,225)	-	(111,815)
SD203	1000293-2010	SGIP Euclid & Market	267,006	-	(397,280)	-	(130,274)
SD204	1000294-2010	SGIP Comm & Imperial	311,381	-	(382,183)	-	(70,802)
SD205	1000310-2010	Park Blvd and Essex Street	195,007	-	(195,007)	-	-
SD206	1000310-2010	Fourth Ave and Quince Street	90,139	-	(90,139)	-	-
SD207	1000310-2010	Fourth Ave/Fifth Ave & Nutmeg Street	69,959	-	(69,959)	-	-
SD214	1000426-2014	Park Blvd./City College/San Diego High	43,185	-	(47,983)	-	(4,798)
Total Smart Growth Improvement			<u>1,266,122</u>	<u>-</u>	<u>(1,601,286)</u>	<u>-</u>	<u>(335,164)</u>
<b>Environmental Mitigation:</b>							
V08	1000323-2011	San Pasqual Valley Weed Management	<u>62,454</u>	<u>-</u>	<u>(69,394)</u>	<u>-</u>	<u>(6,940)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>123,209,574</u>	<u>86,530</u>	<u>(121,524,347)</u>	<u>(1,921,998)</u>	<u>(150,241)</u>
<b>Completed Projects:</b>							
Congestion Relief:			2,504,382	14,749	(1,292,880)	(1,226,251)	-
Maintenance:			<u>6,050,400</u>	<u>-</u>	<u>(6,050,400)</u>	<u>-</u>	<u>-</u>
Total Completed Projects			<u>8,554,782</u>	<u>14,749</u>	<u>(7,343,280)</u>	<u>(1,226,251)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 131,764,356</u>	<u>\$ 101,279</u>	<u>\$ (128,867,627)</u>	<u>\$ (3,148,249)</u>	<u>\$ (150,241)</u>

**SCHEDULE C**

**CITY OF SAN DIEGO, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

<u>Project Year</u>	<u>Last Date to Spend funds</u>	<u>Cumulative</u>					<u>Cumulative Status</u>	
		<u>Funds Received</u>	<u>Other Revenue</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 562,279	\$ -	\$ 30,884	\$ (271,838)	\$ -	\$ 321,325	\$ 374,635
For Fiscal Year ended June 30, 2010	June 30, 2017	862,805	-	36,366	-	-	899,171	894,008
For Fiscal Year ended June 30, 2011	June 30, 2018	1,189,183	-	31,324	-	-	1,220,507	1,213,498
For Fiscal Year ended June 30, 2012	June 30, 2019	2,403,483	-	37,420	-	-	2,440,903	2,426,887
For Fiscal Year ended June 30, 2013	June 30, 2020	2,952,916	-	26,678	-	-	2,979,594	2,962,484
For Fiscal Year ended June 30, 2014	June 30, 2021	3,766,865	-	21,756	-	-	3,788,621	-
<b>Total RTCIP Funds</b>		<u>\$ 11,737,531</u>	<u>\$ -</u>	<u>\$ 184,428</u>	<u>\$ (271,838)</u>	<u>\$ -</u>	<u>\$ 11,650,121</u>	<u>\$ 7,871,512</u>

**CITY OF SAN MARCOS, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014





Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Marcos, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$2,709,093. We selected \$1,694,856 (62.56%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2014 apportionment	\$1,923,405
Less: debt service payment	<u>          -</u>
Net estimated apportionment	1,923,405
30% base	<u>          30%</u>
Fiscal year 2014 30% threshold	<u>      577,022</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(558,168)
Maintenance fund balance	<u>      621,800</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>      63,632</u>
Fund balance under apportionment	<u>\$  513,390</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$(558,168)	\$4,606,252	\$4,048,084
Maintenance	<u>621,800</u>	<u>7,678</u>	<u>629,478</u>
Totals	<u>\$ 63,362</u>	<u>\$4,613,930</u>	<u>\$4,677,462</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below.

	Balance <u>July 1, 2013</u>	<u>Additions</u>	Transfer of <u>Principal</u>	Balance <u>June 30, 2014</u>	Interest <u>Payments</u>
2010 Series A	\$30,000,000	\$ -	\$(14,860,373)	\$15,139,627	\$1,063,244
2014 Bonds	-	14,860,373	-	14,860,373	-

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.

- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$5,840,343
Less MOE base year requirement	<u>(4,323,369)</u>
Excess MOE for the year ended June 30, 2014	<u>\$1,516,974</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a] does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: This procedure is not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
  - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.  
  
Results: No exceptions were noted as a result of our procedures.
- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.  
  
Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended within seven years of collection.  
  
Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.
- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.



Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 10, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable

expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for the City.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

The City's written response to the recommendations identified in the procedures performed is described in the accompanying Findings and Recommendations section of this report. We did not perform additional agreed-upon procedures related to the City's response and express no opinion on it.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**CITY OF SAN MARCOS, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
SM28	88198	Twin Oaks Valley Road Street Widening and Improvements	\$ 622,777	\$ -	\$ -	\$ -	\$ (622,777)	\$ -	(a)
SM30	88205	San Marcos Blvd. Street Improvement Project	-	-	-	-	-	-	
Total Local Streets and Roads			<u>622,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(622,777)</u>	<u>-</u>	
Total <i>TransNet</i>			<u>622,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(622,777)</u>	<u>-</u>	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief - Pass Through:</b>									
SM54	N/A	Regional Arterial Management Systems	\$ -	\$ 10,800	\$ -	\$ (10,800)	\$ -	\$ -	
Total Congestion Relief - Pass Through			<u>-</u>	<u>10,800</u>	<u>-</u>	<u>(10,800)</u>	<u>-</u>	<u>-</u>	
<b>Congestion Relief:</b>									
SM23	88163	Barham Drive Widening	16,318	-	-	-	(16,318)	-	(a)
SM25	88165	Borden Road Street Improvement and Bridge Construction	(1,793,985)	2,569,353	-	(1,262,108)	-	(486,740)	(b)
SM28	88198	Twin Oaks Valley Road Street Widening and Improvements	21,192	-	-	-	(21,192)	-	(a)
SM31	88265	Discovery Street Improvements	(52,516)	73,516	-	(299,774)	-	(278,774)	(b)
SM36	88213	Rock Springs-Richland/Woodland	311,292	-	-	-	(311,292)	-	(c)
SM47	88150	Nordahl Bridge at SR 78	(782)	782	-	-	-	-	
SM48	88505	SM Creek Specific Plan	(45,146)	55,568	-	(276,530)	473,454	207,346	(a)
2010 Series A Bonds Debt Service			<u>-</u>	<u>(1,063,244)</u>	<u>-</u>	<u>1,063,244</u>	<u>-</u>	<u>-</u>	(d)
Total Congestion Relief			<u>(1,543,627)</u>	<u>1,635,975</u>	<u>-</u>	<u>(775,168)</u>	<u>124,652</u>	<u>(558,168)</u>	

**CITY OF SAN MARCOS, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>IPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Status July 1, 2013</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Status June 30, 2014</u>	<u>Notes</u>
		<b>Maintenance:</b>							
SM38	55090	Local Streets and Roads Maintenance	\$ 92,103	\$ 2,265,989	\$ -	\$ (1,923,125)	\$ 186,833	\$ 621,800	(a)
		Total Maintenance	92,103	2,265,989	-	(1,923,125)	186,833	621,800	
		Subtotal <i>TransNet</i> Extension	(1,451,524)	3,912,764	-	(2,709,093)	311,485	63,632	
		Interest Income	17,365	-	2,940	-	-	20,305	
		Total <i>TransNet</i> Extension	(1,434,159)	3,912,764	2,940	(2,709,093)	311,485	83,937	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ (811,382)	\$ 3,912,764	\$ 2,940	\$ (2,709,093)	\$ (311,292)	\$ 83,937	

Notes:

- (a) Projects SM23 and SM28 are complete. Remaining funds were reprogrammed via RTIP amendment 14-01 to SM38 and SM48. The City Council approved the transfer in December 2014 via Resolution No. 2014-7926.
- (b) The City intends to cover the deficit with a drawdown in FY 15.
- (c) Correction of expenditures which were omitted from the FY 12 Schedule A.
- (d) Net refund of interest resulting from SANDAG utilizing unspent proceeds of 2010 Bonds and the City participating in the 2014 Bonds for the unspent portion.

**CITY OF SAN MARCOS, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief - Pass Through:</b>							
SM54	N/A	Regional Arterial Management Systems	\$ 21,600	\$ -	\$ (21,600)	\$ -	\$ -
		Total Congestion Relief - Pass Through	<u>21,600</u>	<u>-</u>	<u>(21,600)</u>	<u>-</u>	<u>-</u>
<b>Congestion Relief:</b>							
SM23	88163	Barham Drive Widening	1,000,000	148	(983,830)	(16,318)	-
SM25	88165	Borden Road Street Improvement and Bridge Construction	9,073,404	-	(9,452,912)	(107,232)	(486,740)
SM28	88198	Twin Oaks Valley Rd. Street Widening and Improvements	21,000	192	-	(21,192)	-
SM31	88265	Discovery Street Improvements	1,673,789	-	(1,857,105)	(95,458)	(278,774)
SM36	88213	Rock Springs-Richland/Woodland	1,389,000	-	(1,077,708)	(311,292)	-
SM47	88150	Nordahl Bridge at SR 78	546,951	-	(472,258)	(74,693)	-
SM48	88505	SM Creek Specific Plan	1,085,824	-	(1,326,600)	448,122	207,346
		2010 Series A Bonds Debt Service	<u>2,104,542</u>	<u>-</u>	<u>(2,104,542)</u>	<u>-</u>	<u>-</u>
		Total Congestion Relief	<u>16,894,510</u>	<u>340</u>	<u>(17,274,955)</u>	<u>(178,063)</u>	<u>(558,168)</u>
<b>Maintenance:</b>							
SM38	55090	Local Streets and Roads Maintenance	3,864,662	-	(3,429,695)	186,833	621,800
		Total Maintenance	<u>3,864,662</u>	<u>-</u>	<u>(3,429,695)</u>	<u>186,833</u>	<u>621,800</u>
		Interest Income	<u>-</u>	<u>20,305</u>	<u>-</u>	<u>-</u>	<u>20,305</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>20,780,772</u>	<u>20,645</u>	<u>(20,726,250)</u>	<u>8,770</u>	<u>83,937</u>
<b>Completed projects:</b>							
		Congestion Relief	38,926	-	-	(38,926)	-
		Bikes and Pedestrian	<u>832,414</u>	<u>1,668</u>	<u>(773,394)</u>	<u>(60,688)</u>	<u>-</u>
		Total Completed Projects	<u>871,340</u>	<u>1,668</u>	<u>(773,394)</u>	<u>(99,614)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 21,652,112</u>	<u>\$ 22,313</u>	<u>\$ (21,499,644)</u>	<u>\$ (90,844)</u>	<u>\$ 83,937</u>

**SCHEDULE C**

**CITY OF SAN MARCOS, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 14,000	\$ -	\$ 774	\$ -	\$ 148	\$ 14,922	\$ 14,821
For Fiscal Year ended June 30, 2010	June 30, 2017	2,040	-	81	-	33	2,154	2,140
For Fiscal Year ended June 30, 2011	June 30, 2018	93,760	-	2,791	-	551	97,102	96,447
For Fiscal Year ended June 30, 2012	June 30, 2019	82,797	-	1,704	-	463	84,964	84,391
For Fiscal Year ended June 30, 2013	June 30, 2020	1,155,830	-	8,469	-	-	1,164,299	1,156,446
For Fiscal Year ended June 30, 2014	June 30, 2021	11,045	-	74	-	-	11,119	-
<b>Total RTCIP Funds</b>		<b>\$ 1,359,472</b>	<b>\$ -</b>	<b>\$ 13,893</b>	<b>\$ -</b>	<b>\$ 1,195</b>	<b>\$ 1,374,560</b>	<b>\$ 1,354,245</b>

**SAN DIEGO ASSOCIATION OF GOVERNMENTS  
SAN DIEGO, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014





Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the San Diego Association of Governments (SANDAG) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. SANDAG's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.

i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: SANDAG recorded total *TransNet* expenditures in the amount of \$282,839,503. We selected \$71,948,570 (25.44%) for testing. No exceptions were noted as a result of our procedures.

iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: Indirect costs are allocated to RTIP projects at a rate of 50.86% of direct labor costs associated with each project. SANDAG's indirect cost plan has been reviewed and approved by the State of California Department of Transportation, and is updated by SANDAG on an annual basis. The indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. SANDAG is not a recipient of an annual apportionment.

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: This procedure is not applicable for SANDAG.

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper and bonds outstanding as of June 30, 2014.

11. For SANDAG only, we obtained a schedule of bond financing costs related to highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: The schedule of bond financing costs related to highway and transit capital projects is summarized below. The total cost of \$27,497,725 did not exceed \$500,000,000 in 2002 dollars. No exceptions were noted as a result of our procedures.

<u>Debt Issuance</u>	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2014</u>
Commercial Paper	\$ 2,005,860	\$ 366,944	\$ -	\$ 2,372,804
2008 Bonds	17,395,827	2,546,172	-	19,941,999
2010 Bonds	2,874,032	3,000	-	2,877,032
2012 Bonds	<u>2,302,190</u>	<u>3,700</u>	<u>-</u>	<u>2,305,890</u>
Total	<u>\$24,577,909</u>	<u>\$2,919,816</u>	<u>\$ -</u>	<u>\$27,497,725</u>

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: These procedures are not applicable for SANDAG.

13. We reviewed transit operator eligibility for receipt of funds.
- We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue

vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: These procedures are not applicable for SANDAG.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
  - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.
  - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.
  - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
    - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.
    - ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.
    - iii. We determined whether all exaction fees have been expended within seven years of collection.
    - iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.
    - v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
    - vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.
    - vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.
- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.
- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.
- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.
- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: These procedures are not applicable as SANDAG is not a local agency as identified in Section 9 of the Extension Ordinance.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for SANDAG.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: This procedure is not applicable for SANDAG.



17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:

- a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: SANDAG recorded total administrative expenditures in the amount of \$2,624,782. We selected \$937,298 (35.71%) for testing. No exceptions were noted as a result of our procedures.

- i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 17.b.

18. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: No exceptions were noted as a result of our procedures.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		<b>TransNet:</b>						
		<b>Transit:</b>						
SAN26A	1042600	Mission Valley East LRT Extension	\$ -	\$ (3,560)	\$ 3,560	\$ -	\$ -	(a)
	1201508	I-15 BRT Operations and Vehicles	-	863,006	(863,006)	-	-	
		Total Transit	-	859,446	(859,446)	-	-	
		Total <i>TransNet</i>	-	859,446	(859,446)	-	-	
		<b>TransNet Extension:</b>						
		<b>Administration:</b>						
		SANDAG 1% Administration	-	2,624,782	(2,624,782)	-	-	(b)
		Total Administration	-	2,624,782	(2,624,782)	-	-	
		<b>Bike, Pedestrian &amp; Neighborhood Safety (BPNS) - Pass Through:</b>						
CB39	1223028	Carlsbad CATS	-	56,318	(56,318)	-	-	
CB40	1223029	Active Village Campaign	-	2,884	(2,884)	-	-	
CB41	1223027	Coastal Rail Trail Reach 1	-	83,144	(83,144)	-	-	
CB42	1223030	Bike the Village: 100 Racks	-	33,000	(33,000)	-	-	
CHV71	1223031	Main Street Streetscape Master Plan	-	160,000	(160,000)	-	-	
DM05	1223032	Bicycle Parking Facilities	-	25,000	(25,000)	-	-	
ESC32	1223011	Escondido Creek Bike Path (ESBP)/ECBP Lighting and Restriping	-	157,500	(157,500)	-	-	
NC17	1223035	4th St. Community Corridor	-	270,635	(270,635)	-	-	
NC18	1223036	Bicycle Parking Enhancements	-	31,702	(31,702)	-	-	
O29	1223038	Oceanside Blvd. Transit Access & Beautification Project	-	322,564	(322,564)	-	-	
O30	1223039	2 Year Education/Encouragement/Awareness Project	-	76,109	(76,109)	-	-	
O31	1223040	North Coast Transit Station Bike Station Project	-	2,238	(2,238)	-	-	
SB15	1223050	Solana Beach Comprehensive Active Transportation Strategies (CATS)	-	58,968	(58,968)	-	-	
SD221	1223041	San Diego River Bike Path & Mission Center Blvd. Improvement: Pedestrian Hybrid Beacon	-	43,822	(43,822)	-	-	
		Subtotal BPNS - Pass Through	-	1,323,884	(1,323,884)	-	-	

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		Balance Carried Forward BPNS - Pass Through	\$ -	\$ 1,323,884	\$ (1,323,884)	\$ -	\$ -	
SD222	1223042	Chollas Creek to Bayshore Bikeway - Multi-Use Path Design	-	221,624	(221,624)	-	-	
SD223	1223043	Microwave Bicycle Detection (The Intersector)	-	176,639	(176,639)	-	-	
SD224	1223045	Downtown Complete Streets Mobility Plan	-	69,707	(69,707)	-	-	
SD225	1223044	Linda Vista CATS	-	2,000	(2,000)	-	-	
SM51	1223046	San Marcos Bicycle and Pedestrian Plan	-	25,009	(25,009)	-	-	
SM52	1223047	San Marcos Blvd. Complete Street Multi-Way Blvd.	-	70,000	(70,000)	-	-	
SNT18	1223048	Town Center Parkway/Olive Lane/Prospect Ave. Bike Lane Project	-	133,952	(133,952)	-	-	
SNT19	1223049	San Diego River Trail - South Side of the San Diego River	-	49,567	(49,567)	-	-	
VISTA48	1223051	Vista Bicycle Master Plan	-	102,125	(102,125)	-	-	
		Total BPNS - Pass Through	-	2,174,507	(2,174,507)	-	-	
		<b>BPNS:</b>						
ESC32	1223011	Escondido Creek Bike Path (ESBP)/ECBP Lighting and Restriping	-	(1,603)	1,603	-	-	(c)
SAN40	3300300	TDA/TN Bike, Ped, Neighborhood	-	20,000	(20,000)	-	-	
SAN102	1144300	Bayshore Bikeway - Segments 7 & 8	-	(5,023)	5,023	-	-	(a)
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	-	292,605	(292,605)	-	-	
SAN150	3300200	Nonmotorized Trans Planning	-	554,437	(554,437)	-	-	
SAN150	3300201	Regional Bike Plan - Data, Model	-	192,656	(192,656)	-	-	
		Total SAN150	-	747,093	(747,093)	-	-	
SAN152	1223024	Coastal Rail Trail Phase 2B - Oceanside	-	385,542	(385,542)	-	-	
SAN153	1223023	The Inland Rail Trail	-	2,391,000	(2,391,000)	-	-	
		Subtotal BPNS	-	3,829,614	(3,829,614)	-	-	

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		Balance Carried Forward BPNS	\$ -	\$ 3,829,614	\$ (3,829,614)	\$ -	\$ -	
SAN155	1223016	Coastal Rail Trail - Rose Creek	-	56,917	(56,917)	-	-	
SAN157	3300900	San Diego River Trail	-	79,758	(79,758)	-	-	
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	-	386,171	(386,171)	-	-	
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	-	801,656	(801,656)	-	-	
SAN161	1144500	Sweetwater Bikeway - Plaza Bonita Segment	-	36,299	(36,299)	-	-	
SAN169	1223025	Regional Bikeway Program PE	-	(1,601)	1,601	-	-	(a)
SAN195	1223055	Bayshore Bikeway - Barrio Logan	-	10,298	(10,298)	-	-	
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	-	29,214	(29,214)	-	-	
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	-	8,519	(8,519)	-	-	
		<b>Total BPNS</b>	<b>-</b>	<b>5,236,845</b>	<b>(5,236,845)</b>	<b>-</b>	<b>-</b>	
		<b>Senior Services - Pass Through:</b>						
LAM27	1270400	La Mesa - Rides4Neighbors	-	113,751	(113,751)	-	-	
NCTD34A	1270100	NCTD - Mobility/Travel Training Program	-	35,398	(35,398)	-	-	
O21	1270500	Oceanside - Solutions for Seniors on the Go	-	137,277	(137,277)	-	-	
SAN70	1272000	Jewish Family Svcs - Volunteer Driver Transportation/ Rides and Smiles	-	106,151	(106,151)	-	-	
SAN87	1270700	Elderhelp - Volunteer Driver Program	-	102,542	(102,542)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	23,193	(23,193)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	102,600	(102,600)	-	-	
SAN139	1271500	FACT MedAccessRide	-	41,641	(41,641)	-	-	
SAN140	1270800	FACT MedRide	-	244,995	(244,995)	-	-	
SAN141	1271000	Jewish Family Services	-	155,627	(155,627)	-	-	
SAN142	1271400	Friends of Adult Day Care	-	161,220	(161,220)	-	-	
SAN143	1271600	Redwood Senior Nutrition Program	-	14,100	(14,100)	-	-	
SAN191	1270300	Alpha Project for the Homeless	-	79,635	(79,635)	-	-	
SAN192	1271700	Bayside Community Center	-	3,925	(3,925)	-	-	
SAN194	1272100	Mountain Health and Community	-	16,970	(16,970)	-	-	
VISTA44	1270600	City of Vista - Out and About	-	85,607	(85,607)	-	-	
		<b>Total Senior Services - Pass Through</b>	<b>-</b>	<b>1,424,632</b>	<b>(1,424,632)</b>	<b>-</b>	<b>-</b>	

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
<b>Senior Services:</b>								
SAN40	3320100	S/R Transit Svc Activities	\$ -	\$ 42,000	\$ (42,000)	\$ -	\$ -	
		Total Senior Services	-	42,000	(42,000)	-	-	
<b>Smart Growth - Pass Through:</b>								
CHV63	1224002	Palomar Gateway District Specific Plan and EIR	-	66,589	(66,589)	-	-	
CHV73	1224015	Third Ave. Streetscape Implementation Project - Phase 2	-	84,934	(84,934)	-	-	
CHV74	1224016	Healthy Communities Program	-	38,226	(38,226)	-	-	
IB15	1224017	Palm Avenue Mixed-Use and Commercial Corridor Master Plan	-	150,674	(150,674)	-	-	
LAM45	1224018	Downtown Village Streetscape Improvement Project (Part 2)	-	837	(837)	-	-	
LG21	1224019	Main Street Promenade Extension Planning Project	-	57,280	(57,280)	-	-	
NC12	1224003	8th St Corridor Smart Growth Revitalization	-	1,687,041	(1,687,041)	-	-	
NC19	1224020	Downtown-Westside Community Connections	-	136,690	(136,690)	-	-	
SD202	1224005	Chollas Triangle Master Plan	-	83,909	(83,909)	-	-	
SD203	1224006	Euclid and Market Village Master Plan	-	68,065	(68,065)	-	-	
SD214	1224010	Park Blvd/City College/San Diego High	-	57,390	(57,390)	-	-	
SD231	1224025	East Village Green/14th Street Promenade Master Plan	-	4,186	(4,186)	-	-	
SM53	1224026	Armorlite Complete Street Corridor	-	50,000	(50,000)	-	-	
VISTA52	1224027	Vista Downtown Specific Plan Update	-	30,297	(30,297)	-	-	
		Total Smart Growth - Pass Through	-	2,516,118	(2,516,118)	-	-	
<b>Smart Growth:</b>								
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	20,000	(20,000)	-	-	
		Total Smart Growth	-	20,000	(20,000)	-	-	
<b>Local Street Improvements:</b>								
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	-	11,700	(11,700)	-	-	
CHV39	3311000	Traffic Signal System Optimization	-	15,500	(15,500)	-	-	
		Subtotal Local Street Improvements	-	27,200	(27,200)	-	-	

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		Balance Carried Forward Local Street Improvements	\$ -	\$ 27,200	\$ (27,200)	\$ -	\$ -	
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	-	12,500	(12,500)	-	-	
EL06	3311002	Traffic Signals Project	-	9,700	(9,700)	-	-	
ENC28	3311002	Traffic Signal Modifications	-	7,400	(7,400)	-	-	
LAM37	3311002	Traffic Signal Upgrades	-	7,400	(7,400)	-	-	
NC04	3311002	Traffic Signal Install/Upgrade	-	8,000	(8,000)	-	-	
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	-	11,200	(11,200)	-	-	
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	-	7,300	(7,300)	-	-	
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	-	67,600	(67,600)	-	-	
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	-	10,800	(10,800)	-	-	
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	-	7,400	(7,400)	-	-	
VISTA51	3311002	Minor Traffic Signal Modifications	-	8,800	(8,800)	-	-	
		<b>Total Local Street Improvements</b>	<u>-</u>	<u>185,300</u>	<u>(185,300)</u>	<u>-</u>	<u>-</u>	
		<b>Regional Environmental Mitigation Program (EMP) - Pass Through</b>						
CAL29	1207602	Caltrans SR 76 Middle EMP	-	7,000,000	(7,000,000)	-	-	
V07	12002xx	Caltrans EMP	-	1,682,100	(1,682,100)	-	-	
V08	1200311	Gnatcatcher/Cactus Wren - Chula Vista	-	44,929	(44,929)	-	-	
V08	1200321	San Dieguito River Park - JPA	-	22,837	(22,837)	-	-	
V08	1200326	SD County Salt Creek Recovery	-	14,763	(14,763)	-	-	
V08	1200344	River Habitat San Diego River	-	135,666	(135,666)	-	-	
V08	1200347	Lusardi Creek	-	51,073	(51,073)	-	-	
V08	1200348	San Pasqual Valley Weed	-	23,354	(23,354)	-	-	
V08	1200349	South County Grassland	-	72,469	(72,469)	-	-	
V08	1200351	Lakeside Linkage	-	22,877	(22,877)	-	-	
V08	1200352	Chula Vista Tarplant-Thornmint	-	38,081	(38,081)	-	-	
V08	1200353	Crest Canyon Invasive Removal	-	15,187	(15,187)	-	-	
		<b>Subtotal V08</b>	<u>-</u>	<u>441,236</u>	<u>(441,236)</u>	<u>-</u>	<u>-</u>	

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		Balance Carried Forward V08	\$ -	\$ 441,236	\$ (441,236)	\$ -	\$ -	
V08	1200358	Carlsbad Hydrologic Unit	-	107,731	(107,731)	-	-	
V08	1200359	Audubon Mission Bay Park	-	20,459	(20,459)	-	-	
V08	1200360	Proctor Valley Vernal Pools	-	57,923	(57,923)	-	-	
V08	1200361	Brachypodium Removal	-	125,879	(125,879)	-	-	
V08	1200363	Groundwork Radio - Encanto	-	63,903	(63,903)	-	-	
V08	1200365	San Pasqual Valley Zoo	-	174,316	(174,316)	-	-	
V08	1200366	City of Chula Vista Salt Creek	-	38,137	(38,137)	-	-	
V08	1200367	USGS Western Pond Turtle	-	94,220	(94,220)	-	-	
V08	1200368	CNLM Acanthomintha	-	26,788	(26,788)	-	-	
V08	1200369	USFWS Golden Eagle	-	9,545	(9,545)	-	-	
V08	1200370	Proctor Valley Missing Link Barriers	-	136,312	(136,312)	-	-	
V08	1200379	San Luis Rey and Santa Margarita Watersheds Arundo Re-treatment	-	78,461	(78,461)	-	-	
V08	1200380	Phase 3 Radio-Encanto Restoration, Maintenance, and Monitoring	-	15,090	(15,090)	-	-	
V08	1200381	South County Grasslands Phase 2	-	185,731	(185,731)	-	-	
V08	1200382	SDNWR: (Shinohara) Vernal Pool Invasive Weed Treatment	-	23,030	(23,030)	-	-	
V08	1200383	Sycamore Canyon and Goodan Ranch Invasive Removal and Habitat Rest	-	35,205	(35,205)	-	-	
V08	1200384	Dehesa Nolina and Dudleya	-	19,947	(19,947)	-	-	
V08	1200385	San Diego Thornmint and Quino Checkerspot Butterfly	-	25,356	(25,356)	-	-	
V08	1200386	California Least Tern	-	13,389	(13,389)	-	-	
V08	1200387	Cactus Wren	-	45,099	(45,099)	-	-	
V08	1200388	Rare Plants	-	25,011	(25,011)	-	-	
V08	1200389	North County Dunes Restoration (Coastal Species)	-	28,902	(28,902)	-	-	
V08	1200390	SD Bay NWR: Cal least tern and West snowy plover Rec at D St Nest Ste	-	39,861	(39,861)	-	-	
V08	1200391	South San Diego County Community Outreach and Habitat Stewardship	-	157,754	(157,754)	-	-	
V08	1200392	San Diego River Park Watch	-	46,523	(46,523)	-	-	
V08	1200393	Los Penasquitos Management	-	88,756	(88,756)	-	-	
		Total V08	-	2,124,564	(2,124,564)	-	-	



**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		Total Regional EMP - Pass Through	\$ -	\$ 10,806,664	\$ (10,806,664)	\$ -	\$ -	
		<b>EMP:</b>						
V07	12002xx	Biological Mitigation	-	6,152,288	(6,152,288)	-	-	
V08	12003xx	Regional Habitat Conservation Fund	-	1,884,200	(1,884,200)	-	-	
		Total EMP	-	8,036,488	(8,036,488)	-	-	
		<b>Major Corridor - Pass Through:</b>						
CAL09	1200501	I-5 North Coast	-	1,764,000	(2,396,000)	632,000	-	(d)
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	12,149,000	(9,897,000)	(2,252,000)	-	(d)
		Total CAL09	-	13,913,000	(12,293,000)	(1,620,000)	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	-	4,426,000	(4,506,000)	80,000	-	(d)
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	7,373,000	(7,373,000)	-	-	
CAL18	1201502	I-15 Managed Lanes-Middle Segment	-	618,000	(656,000)	38,000	-	(d)
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	542,600	(869,600)	327,000	-	(d)
CAL18B	1201501	I-15 ML+S. Segment and Mira Mesa Transit Center	-	739,400	(2,230,000)	1,490,600	-	(d)
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	-	1,770,400	(1,872,400)	102,000	-	(d)
		Total CAL18B	-	2,509,800	(4,102,400)	1,592,600	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	(3,084,966)	-	3,084,966	-	(a),(d)
CAL29	1207602	SR 76 Middle	-	72,340	(7,097,340)	7,025,000	-	(d)
CAL29B	1207606	SR 76 East	-	9,115,000	(8,095,000)	(1,020,000)	-	(d)
CAL38	1390501	SR-905 New Freeway	-	(21,000)	-	21,000	-	(d)
		Subtotal Major Corridor - Pass Through	-	35,463,774	(44,992,340)	9,528,566	-	

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		Balance Carried Forward - Major Corridor - Pass Through	\$ -	\$ 35,463,774	\$ (44,992,340)	\$ 9,528,566	\$ -	
CAL67	1280508	SR 94 Widening	-	3,604,000	(3,604,000)	-	-	
CAL75	1200506	I-5 Genessee Interchange and Widening	-	616,000	(384,000)	(232,000)	-	(d)
CAL77	1200505	I-5/I-8 Connector	-	300,000	(300,000)	-	-	
CAL78B	1280511	I-805 North: 2 HOV	-	786,000	(1,308,000)	522,000	-	(d)
CAL78C	1280510	I-805 South: 2HOV & DAR	-	39,018,000	(31,441,000)	(7,577,000)	-	(d)
CAL78C	1280514	I-805/SR15 Interchange	-	2,895,000	(1,544,000)	(1,351,000)	-	(d)
		Total CAL78C	-	41,913,000	(32,985,000)	(8,928,000)	-	
CAL114	1200503	I-5/SR56 Interchange	-	80,000	(80,000)	-	-	
CAL120	1201510	SR 78 Auxiliary Lanes	-	(742,000)	-	742,000	-	(a),(d)
CAL277	1207802	I-15/SR-78 HOV Connectors	-	94,000	(51,000)	(43,000)	-	(d)
CAL278	1207801	SR78 HOV/Managed Lanes	-	993,000	(439,000)	(554,000)	-	(d)
CAL325	1390504	State Routes 905/125/11 Connectors	-	1,845,000	(1,516,000)	(329,000)	-	(d)
SAN04	1201504	I-15 Managed Lane/Value Pricing	-	12,900	(17,000)	4,100	-	(d)
SAN23	1257001	Mid-Coast LRT Corridor Project	-	220,000	(220,000)	-	-	
SAN26	1201505	I-15 BRT Transit Stations	-	142,700	(54,700)	(88,000)	-	(d)
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	-	1,039,700	(904,000)	(135,700)	-	(d)
SAN47	1280504	South Bay BRT	-	1,394,000	(638,000)	(756,000)	-	(d)
		Subtotal Major Corridor - Pass Through	\$ -	\$ 87,762,074	\$ (87,493,040)	\$ (269,034)	\$ -	

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		Balance Carried Forward - Major Corridor - Pass Through	\$ -	\$ 87,762,074	\$ (87,493,040)	\$ (269,034)	\$ -	
SAN146	1280512	I-805 Imperial BRT Station	-	32,600	(32,600)	-	-	
		Total Major Corridor - Pass Through	-	87,794,674	(87,525,640)	(269,034)	-	(d)
		<b>Major Corridor:</b>						
CAL09	1200501	I-5 North Coast	-	2,009,846	(2,009,846)	-	-	
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	2,245,607	(2,245,607)	-	-	
CAL09	3310708	TDM - North Coast Corridor	-	78,440	(78,440)	-	-	
		Total CAL09	-	4,333,893	(4,333,893)	-	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	-	107,108	(107,108)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	179,598	(179,598)	-	-	
CAL18	1201502	I-15 Managed Lanes-Middle Segment	-	2,909	(2,909)	-	-	
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	402,211	(402,211)	-	-	
CAL18B	1201501	I-15 Managed Lanes-South Segment	-	13,897	(13,897)	-	-	
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	-	1,831,544	(1,831,544)	-	-	
		Total CAL18B	-	1,845,441	(1,845,441)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	5,514	(5,514)	-	-	
CAL29	1207602	SR 76 Middle	-	93,982	(93,982)	-	-	
CAL29B	1207606	SR 76 East	-	359,359	(359,359)	-	-	
CAL38	1390501	SR-905 New Freeway	-	772	(772)	-	-	
CAL67	1280508	SR 94 Widening	-	725,072	(725,072)	-	-	
		Subtotal Major Corridor	-	8,055,859	(8,055,859)	-	-	

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		Balance Carried Forward - Major Corridor	\$ -	\$ 8,055,859	\$ (8,055,859)	\$ -	\$ -	
CAL68	1212501	SR94-125 Widening	-	306,064	(306,064)	-	-	
CAL75	1200506	I-5 Genessee interchange and Widening	-	1,699,422	(1,699,422)	-	-	
CAL77	1200505	I-5/I-8 Connector	-	7,184	(7,184)	-	-	
CAL78B	1280511	I-805 North: 2 HOV	-	500,563	(500,563)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	1,368,993	(1,368,993)	-	-	
CAL78C	1280514	I-805/SR15 Interchange	-	26,238	(26,238)	-	-	
		Total CAL78C	-	1,395,231	(1,395,231)	-	-	
CAL114	1200503	I-5/SR56 Interchange	-	6,774	(6,774)	-	-	
CAL120	1201510	SR 78 Auxiliary Lanes	-	35,632	(35,632)	-	-	
CAL277	1207802	I-15/SR-78 HOV Connectors	-	1,196	(1,196)	-	-	
CAL278	1207801	SR78 HOV/Managed Lanes	-	4,156	(4,156)	-	-	
CAL325	1390504	State Routes 905/125/11 Connectors	-	63,071	(63,071)	-	-	
SAN04	1201504	I-15 Managed Lane/Value Pricing	-	1,734,278	(1,734,278)	-	-	
SAN04	3310400	I-15 Violation Enforcement System Study	-	4,147	(4,147)	-	-	
		Total SAN04	-	1,738,425	(1,738,425)	-	-	
SAN23	1257001	Mid-Coast Corridor Transit Project	-	36,054,281	(36,054,281)	-	-	
SAN26	1201505	I-15 BRT Transit Stations	-	1,252,959	(1,252,959)	-	-	
SAN26A	1201508	I-15 BRT Operations and Vehicles	-	20,820,067	(20,820,067)	-	-	
		Subtotal Major Corridor	\$ -	\$ 71,940,884	\$ (71,940,884)	\$ -	\$ -	

**SCHEDULE A**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		Balance Carried Forward - Major Corridor	\$ -	\$ 71,940,884	\$ (71,940,884)	\$ -	\$ -	
SAN26B	1201509	Downtown BRT Stations	-	1,939,093	(1,939,093)	-	-	
SAN26C	1201507	I-15 BRT Transit Stations - South	-	1,019,071	(1,019,071)	-	-	
SAN27	1300601	San Ysidro Intermodal Freight Facility	-	881,119	(881,119)	-	-	
SAN27	1300602	South Line Rail Freight Capacity	-	568,366	(568,366)	-	-	
		Total SAN27	-	1,449,485	(1,449,485)	-	-	
SAN29	1239801	Sorrento to Miramar Double Track/Realign	-	12,149,540	(12,149,540)	-	-	
SAN29	1239812	Sorrento to Miramar Phase 2	2,311,216	(1,878,327)	(432,889)	-	-	(a)
		Total SAN29	2,311,216	10,271,213	(12,582,429)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	1,946,238	(1,397,061)	(549,177)	-	-	(a)
SAN46	1041502	<i>SuperLoop</i>	-	2,956,043	(2,956,043)	-	-	
SAN47	1280504	Otay BRT	-	4,559,652	(4,559,652)	-	-	
SAN54	2301500	Multimodal TSM/TDM Model Tool	-	330,804	(330,804)	-	-	
SAN54	3310709	TDM Vanpool & Carpool Market Analysis	-	20,256	(20,256)	-	-	
SAN54	3311000	ITS Operations	-	1,716,652	(1,716,652)	-	-	
SAN54	3311100	Regional ITS Program Management	-	352,611	(352,611)	-	-	
SAN54	3311800	Connected Vehicle Development Program	-	117,437	(117,437)	-	-	
SAN54	1144800	Arterial Detection System Development	-	123,641	(123,641)	-	-	
		Total SAN54	-	2,661,401	(2,661,401)	-	-	
SAN64	1239809	Eastbrook to Shell Double Track	2,447,077	(1,898,795)	(548,282)	-	-	(a)
SAN67	1210080	Low Floor Vehicles	-	16,253,864	(16,253,864)	-	-	
		Subtotal Major Corridor	\$ 6,704,531	\$ 109,754,850	\$ (116,459,381)	\$ -	\$ -	

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014	Notes
		Balance Carried Forward - Major Corridor	\$ 6,704,531	\$ 109,754,850	\$ (116,459,381)	\$ -	\$ -	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	141,566	(141,566)	-	-	
SAN73	3310708	TDM - North Coast Corridor	-	78,438	(78,438)	-	-	
		Total SAN73	-	220,004	(220,004)	-	-	
SAN74	1143300	Escondido Bus Rapid Transit	-	3,829	(3,829)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	11,931,684	(11,931,684)	-	-	
SAN79	1142500	Centralized Train Control	-	1,577,887	(1,577,887)	-	-	
SAN79	1143401	TLSP-At Grade Xing	-	25,394	(25,394)	-	-	
		Total SAN79	-	1,603,281	(1,603,281)	-	-	
SAN116	1239803	Oceanside Station Stub Tracks	-	525,659	(525,659)	-	-	
SAN117	1239805	Poinsettia Run Through Track	-	(243,963)	243,963	-	-	(a)
SAN120	1239808	Tecolote-Washington Crossovers	-	596,741	(596,741)	-	-	
SAN123	1143200	University Town Center (UTC) Transit Center	-	23,643	(23,643)	-	-	
SAN128	1201512	I-15 BRT Sabre Springs Parking Structure	-	10,021,006	(10,021,006)	-	-	
SAN129	1201514	Downtown Layover Facility	-	46,250	(46,250)	-	-	
SAN130	1239810	Carlsbad Village Double Track	-	914,388	(914,388)	-	-	
SAN131	1201511	Mira Mesa Blvd. BRT Priority Treatments	-	124,655	(124,655)	-	-	
SAN132	1239811	Elvira to Morena Double Track	-	836,341	(836,341)	-	-	
SAN133	1201513	South Bay BRT Maintenance Facility	-	20,020,048	(20,020,048)	-	-	
		Subtotal Major Corridor	\$ 6,704,531	\$ 156,378,416	\$ (163,082,947)	\$ -	\$ -	

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status	Funds	Project	Agency	Project Status	Notes
			July 1, 2013	Received	Expenditures	Adjustments	June 30, 2014	
		Balance Carried Forward - Major Corridor	\$ 6,704,531	\$ 156,378,416	\$ (163,082,947)	\$ -	\$ -	
SAN145	1143800	Encinitas Grade-Separated Pedestrian Crossing	-	87,741	(87,741)	-	-	
SAN146	1280512	I-805 Imperial BRT Station	-	60,547	(60,547)	-	-	
SAN149	1239814	Coaster PE	-	4,737	(4,737)	-	-	
SAN170	1210010	Orange and Blue Line Project Management	-	(698,002)	698,002	-	-	(c)
SAN171	1210020	Blue Line Crossovers and Signals	-	241,374	(241,374)	-	-	
SAN172	1210030	Blue Line Station Rehabilitation	-	(3,696,690)	3,696,690	-	-	(a)
SAN173	1210040	Blue Line Rail Infrastructure	-	8,981,130	(8,981,130)	-	-	
SAN174	1210050	Blue Line Communications Upgrades	-	641,097	(641,097)	-	-	
SAN176	1210070	System Station Platforms	-	(7,760,468)	7,760,468	-	-	(a)
SAN182	1239815	San Diego River Bridge	-	359,087	(359,087)	-	-	
SAN183	1239816	Batiquitos Lagoon Double Track	-	83,368	(83,368)	-	-	
SAN202	1201516	I-15 BRT Station Improvements	-	213	(213)	-	-	
		Total Major Corridor	<u>6,704,531</u>	<u>154,682,550</u>	<u>(161,387,081)</u>	<u>-</u>	<u>-</u>	
		Total <i>TransNet</i> Extension	<u>6,704,531</u>	<u>275,544,560</u>	<u>(281,980,057)</u>	<u>(269,034)</u>	<u>-</u>	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ 6,704,531</u>	<u>\$ 276,404,006</u>	<u>\$ (282,839,503)</u>	<u>\$ (269,034)</u>	<u>\$ -</u>	

Notes:

- (a) *TransNet* funds were returned in FY 14 due to other funding received for prior year expenditures.
- (b) SANDAG 1% Administration includes Overall Work Program Planning efforts.
- (c) Negative expenditures in FY 14 due to reallocation of prior year *TransNet* expenditures.
- (d) Major Corridor + Pass through agency adjustment per Caltrans. Distribute excess cash on hand to balance projects. See Caltrans *TransNet* audit report for detail.

**SCHEDULE B**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>						
<b>Administration:</b>						
		SANDAG 1% Administration	\$ 13,542,255	\$ (13,542,255)	\$ -	\$ -
		Total Administration	<u>13,542,255</u>	<u>(13,542,255)</u>	<u>-</u>	<u>-</u>
<b>Bike, Pedestrian &amp; Neighborhood Safety (BPNS) - Pass Through:</b>						
CB39	1223028	Carlsbad CATS	56,318	(56,318)	-	-
CB40	1223029	Active Village Campaign	2,884	(2,884)	-	-
CB41	1223027	Coastal Rail Trail Reach 1	83,144	(83,144)	-	-
CB42	1223030	Bike the Village: 100 Racks	33,000	(33,000)	-	-
CHV71	1223031	Main Street Streetscape Master Plan	160,000	(160,000)	-	-
DM05	1223032	Bicycle Parking Facilities	25,000	(25,000)	-	-
ESC32	1223011	Escondido Creek Bike Path (ESBP)/ECBP Lighting and Restriping	157,500	(157,500)	-	-
NC17	1223035	4th St. Community Corridor	270,635	(270,635)	-	-
NC18	1223036	Bicycle Parking Enhancements	31,702	(31,702)	-	-
O29	1223038	Oceanside Blvd. Transit Access & Beautification Project	322,564	(322,564)	-	-
O30	1223039	2 Year Education/Encouragement/Awareness Project	76,109	(76,109)	-	-
O31	1223040	North Coast Transit Station Bike Station Project	2,238	(2,238)	-	-
SB15	1223050	Solana Beach Comprehensive Active Transportation Strategies (CATS)	58,968	(58,968)	-	-
SD221	1223041	San Diego River Bike Path & Mission Center Blvd. Imprv: Ped Hyb	43,822	(43,822)	-	-
SD222	1223042	Chollas Creek to Bayshore Bikeway - Multi-Use Path Design	221,624	(221,624)	-	-
SD223	1223043	Microwave Bicycle Detection (The Intersector)	176,639	(176,639)	-	-
SD224	1223045	Downtown Complete Streets Mobility Plan	69,707	(69,707)	-	-
SD225	1223044	Linda Vista CATS	2,000	(2,000)	-	-
SM51	1223046	San Marcos Bicycle and Pedestrian Plan	25,009	(25,009)	-	-
SM52	1223047	San Marcos Blvd. Complete Street Multi-Way Blvd.	70,000	(70,000)	-	-
SNT18	1223048	Town Center Parkway/Olive Lane/Prospect Ave. Bike Lane Project	133,952	(133,952)	-	-
		Subtotal BPNS - Pass Through	<u>2,022,815</u>	<u>(2,022,815)</u>	<u>-</u>	<u>-</u>



**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014
		Balance Carried Forward BPNS - Pass Through	\$ 2,022,815	\$ (2,022,815)	\$ -	\$ -
SNT19	1223049	San Diego River Trail - South Side of the San Diego River	49,567	(49,567)	-	-
VISTA48	1223051	Vista Bicycle Master Plan	102,125	(102,125)	-	-
		Total - BPNS Pass Through	2,174,507	(2,174,507)	-	-
		<b>BPNS:</b>				
ESC32	1223011	Escondido Creek Bike Path/ECBP Lighting and Restriping	-	-	-	-
SAN40	3300300	<i>TransNet</i> Bike, Ped, Neighborhood	97,000	(97,000)	-	-
SAN102	1144300	Bayshore Bikeway - Segments 7 & 8a	90,390	(415,011)	324,621	-
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	293,525	(293,525)	-	-
SAN150	3300200	Nonmotorized Trans Planning	825,516	(825,516)	-	-
SAN150	3300201	Regional Bike Plan - Data, Model	210,028	(210,028)	-	-
		Total SAN150	1,035,544	(1,035,544)	-	-
SAN152	1223024	Coastal Rail Trail Phase 2B - Oceanside	690,022	(690,022)	-	-
SAN153	1223023	The Inland Rail Trail	2,391,000	(2,391,000)	-	-
SAN155	1223016	Coastal Rail Trail - Rose Creek	56,917	(56,917)	-	-
SAN157	3300900	San Diego River Trail	82,236	(82,236)	-	-
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	782,903	(782,903)	-	-
SAN159	1223021	Bicycle Facilities - Normal Heights to Balboa Park	8,868	(8,868)	-	-
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	1,245,227	(1,245,227)	-	-
		Subtotal BPNS	6,773,632	(7,098,253)	324,621	-

**SCHEDULE B**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014
		Balance Carried Forward BPNS	\$ 6,773,632	\$ (7,098,253)	\$ 324,621	\$ -
SAN161	1144500	Sweetwater Bikeway - Plaza Bonita Segment	124,868	(124,868)	-	-
SAN169	1223025	Regional Bikeway Program PE	348,392	(348,392)	-	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	10,298	(10,298)	-	-
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	29,214	(29,214)	-	-
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	8,519	(8,519)	-	-
		<b>Total BPNS</b>	<u>7,294,923</u>	<u>(7,619,544)</u>	<u>324,621</u>	<u>-</u>
		<b>Senior Services - Pass Through:</b>				
LAM27	1270400	La Mesa - Rides4Neighbors	537,937	(537,937)	-	-
NCTD34	1270100	NCTD - Mobility/Travel Training Program	196,498	(196,498)	-	-
O21	1270500	Oceanside - Solutions for Seniors on the Go	774,434	(774,434)	-	-
SAN70	1272000	Jewish Family Services - Volunteer Driver Trans/Rides and Smiles	106,151	(106,151)	-	-
SAN87	1270700	Elderhelp - Volunteer Driver Program	483,185	(483,185)	-	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	153,194	(153,194)	-	-
SAN92	1271300	Travelers Aid Society - SeniorRide	432,710	(432,710)	-	-
SAN139	1271500	FACT MedAccessRide	56,000	(56,000)	-	-
SAN140	1270800	FACT MedRide	260,149	(260,149)	-	-
SAN141	1271000	Jewish Family Services	471,112	(471,112)	-	-
SAN142	1271400	Friends of Adult Day Care	216,526	(216,526)	-	-
SAN143	1271600	Redwood Senior Nutrition Program	28,950	(28,950)	-	-
SAN191	1270300	Alpha Project for the Homeless	79,635	(79,635)	-	-
SAN192	1271700	Bayside Community Center	3,925	(3,925)	-	-
SAN194	1272100	Mountain Health and Community	16,970	(16,970)	-	-
VISTA44	1270600	City of Vista + Out and About	187,039	(187,039)	-	-
		<b>Total Senior Services - Pass Through</b>	<u>4,004,415</u>	<u>(4,004,415)</u>	<u>-</u>	<u>-</u>
		<b>Senior Services:</b>				
SAN40	3320100	Short Range Transit Svc Activities	210,000	(210,000)	-	-
		<b>Total Senior Services</b>	<u>210,000</u>	<u>(210,000)</u>	<u>-</u>	<u>-</u>

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014
<b>Smart Growth - Pass Through:</b>						
CHV63	1224002	Palomar Gateway Spec Plan	\$ 373,536	\$ (373,536)	\$ -	\$ -
CHV73	1224015	Third Ave. Streetscape Implementation Project - Phase 2	84,934	(84,934)	-	-
CHV74	1224016	Healthy Communities Program	38,226	(38,226)	-	-
IB15	1224017	Palm Avenue Mixed-Use and Commercial Corridor Master Plan	150,674	(150,674)	-	-
LAM45	1224018	Downtown Village Streetscape Improvement Project (Part 2)	837	(837)	-	-
LG21	1224019	Main Street Promenade Extension Planning Project	57,280	(57,280)	-	-
NC12	1224003	8th St Corridor Smart Growth Revitalization	1,687,041	(1,687,041)	-	-
NC19	1224020	Downtown-Westside Community Connections	136,690	(136,690)	-	-
SD202	1224005	Chollas Triangle Master Plan	197,697	(197,697)	-	-
SD203	1224006	Euclid and Market Village Master Plan	397,279	(397,279)	-	-
SD214	1224010	Park Blvd/City College/San Diego High	105,373	(105,373)	-	-
SD231	1224025	East Village Green/14th Street Promenade Master Plan	4,186	(4,186)	-	-
SM53	1224026	Armorlite Complete Street Corridor	50,000	(50,000)	-	-
VISTA52	1224027	Vista Downtown Specific Plan Update	30,297	(30,297)	-	-
Total Smart Growth - Pass Through			<u>3,314,050</u>	<u>(3,314,050)</u>	<u>-</u>	<u>-</u>
<b>Smart Growth:</b>						
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	<u>130,000</u>	<u>(130,000)</u>	<u>-</u>	<u>-</u>
Total Smart Growth			<u>130,000</u>	<u>(130,000)</u>	<u>-</u>	<u>-</u>
<b>Local Street Improvements</b>						
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	11,700	(11,700)	-	-
CHV39	3311002	Traffic Signal System Optimization	31,000	(31,000)	-	-
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	12,500	(12,500)	-	-
EL06	3311002	Traffic Signals Project	19,400	(19,400)	-	-
ENC28	3311002	Traffic Signal Modifications	14,800	(14,800)	-	-
LAM37	3311002	Traffic Signal Upgrades	14,800	(14,800)	-	-
NC04	3311002	Traffic Signal Install/Upgrade	16,000	(16,000)	-	-
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	11,200	(11,200)	-	-
Subtotal Local Street Improvements			<u>131,400</u>	<u>(131,400)</u>	<u>-</u>	<u>-</u>

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2014</u>
		Balance Carried Forward Local Street Improvements	\$ 131,400	\$ (131,400)	\$ -	\$ -
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	7,300	(7,300)	-	-
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	67,600	(67,600)	-	-
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	10,800	(10,800)	-	-
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	7,400	(7,400)	-	-
VISTA51	3311002	Minor Traffic Signal Modifications	8,800	(8,800)	-	-
		<b>Total Local Street Improvements</b>	<b>233,300</b>	<b>(233,300)</b>	<b>-</b>	<b>-</b>
		<b>Regional Environmental Mitigation Program (EMP) -</b>				
		<b>Pass Through:</b>				
CAL29	1207602	Caltrans SR 76 Middle EMP	7,000,000	(7,000,000)	-	-
V07	12002xx	Caltrans EMP	43,627,885	(59,750,885)	16,123,000	-
V08	1200311	Gnatcatcher/Cactus Wren - Chula Vista	346,593	(346,593)	-	-
V08	1200321	San Dieguito River Park - JPA	347,090	(347,090)	-	-
V08	1200326	SD County Salt Creek Recovery	99,336	(99,336)	-	-
V08	1200344	River Habitat San Diego River	385,456	(385,456)	-	-
V08	1200347	Lusardi Creek	99,852	(99,852)	-	-
V08	1200348	San Pasqual Valley Weed	92,747	(92,747)	-	-
V08	1200349	South County Grassland	283,292	(283,292)	-	-
V08	1200351	Lakeside Linkage	145,858	(145,858)	-	-
V08	1200352	Chula Vista Tarplant-Thornmint	260,001	(260,001)	-	-
V08	1200353	Crest Canyon Invasive Removal	41,969	(41,969)	-	-
V08	1200358	Carlsbad Hydrologic Unit	174,564	(174,564)	-	-
V08	1200359	Audubon Mission Bay Park	42,840	(42,840)	-	-
V08	1200360	Proctor Valley Vernal Pools	162,652	(162,652)	-	-
V08	1200361	Brachypodium Removal	233,975	(233,975)	-	-
V08	1200363	Groundwork Radio - Encanto	154,953	(154,953)	-	-
V08	1200365	San Pasqual Valley Zoo	269,338	(269,338)	-	-
V08	1200366	City of Chula Vista Salt Creek	124,919	(124,919)	-	-
V08	1200367	USGS Western Pond Turtle	125,030	(125,030)	-	-
		<b>Subtotal V08</b>	<b>3,390,465</b>	<b>(3,390,465)</b>	<b>-</b>	<b>-</b>

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2014</u>
		Balance Carried Forward V08	\$ 3,390,465	\$ (3,390,465)	\$ -	\$ -
V08	1200368	CNLM Acanthomintha	36,476	(36,476)	-	-
V08	1200369	USFWS Golden Eagle	23,866	(23,866)	-	-
V08	1200370	Proctor Valley Missing Link Barriers	155,775	(155,775)	-	-
V08	1200379	San Luis Rey and Santa Margarita Watersheds Arundo Re-treatment	78,461	(78,461)	-	-
V08	1200380	Phase 3 Radio-Encanto Restoration, Maintenance, and Monitoring	15,090	(15,090)	-	-
V08	1200381	South County Grasslands Phase 2	185,731	(185,731)	-	-
V08	1200382	SDNWR: (Shinohara) Vernal Pool Invasive Weed Treatment	23,030	(23,030)	-	-
V08	1200383	Sycamore Canyon and Goodan Ranch Inv Removal and Habitat Rest	35,205	(35,205)	-	-
V08	1200384	Dehesa Nolina and Dudleya	19,947	(19,947)	-	-
V08	1200385	San Diego Thornmint and Quino Checkerspot Butterfly	25,356	(25,356)	-	-
V08	1200386	California Least Tern	13,389	(13,389)	-	-
V08	1200387	Cactus Wren	45,099	(45,099)	-	-
V08	1200388	Rare Plants	25,011	(25,011)	-	-
V08	1200389	North County Dunes Restoration (Coastal Species)	28,902	(28,902)	-	-
V08	1200390	SD Bay NWR: Cal least tern and West snowy plover Rec at D St Nest Ste	39,861	(39,861)	-	-
V08	1200391	South San Diego County Community Outreach and Habitat Stewardship	157,754	(157,754)	-	-
V08	1200392	San Diego River Park Watch	46,523	(46,523)	-	-
V08	1200393	Los Penasquitos Management	88,756	(88,756)	-	-
		Total V08	4,434,697	(4,434,697)	-	-
		Total Regional EMP - Pass Through	55,062,582	(71,185,582)	16,123,000	-
		<b>EMP:</b>				
V07	12002xx	Biological Mitigation	82,953,833	(83,452,805)	498,972	-
V08	12003xx	Regional Habitat Conservation Fund	11,167,411	(11,167,411)	-	-
		Total EMP	94,121,244	(94,620,216)	498,972	-
		<b>Major Corridor - Pass Through:</b>				
CAL09	1200501	I-5 North Coast	13,516,450	(12,353,904)	(1,162,546)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	24,237,000	(18,967,574)	(5,269,426)	-
		Total CAL09	37,753,450	(31,321,478)	(6,431,972)	-

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2014</u>
		Balance Carried Forward Major Corridor - Pass Through	\$ 37,753,450	\$ (31,321,478)	\$ (6,431,972)	\$ -
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	21,030,455	(22,154,555)	1,124,100	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	21,997,100	(19,347,400)	(2,649,700)	-
CAL18	1201502	I-15 Managed Lanes-Middle Segment	6,351,510	(29,124,103)	22,772,593	-
CAL18A	1201503	I-15 Managed Lanes-North Segment	29,514,853	(18,960,600)	(10,554,253)	-
CAL18B	1201501	I-15 ML-S. Segment and Mira Mesa Transit Center	25,189,880	(31,044,480)	5,854,600	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	20,646,230	(20,136,230)	(510,000)	-
		Total CAL18B	45,836,110	(51,180,710)	5,344,600	-
CAL26	1205203	State Route 52 Freeway (E&F)	59,266,586	(63,557,015)	4,290,429	-
CAL29	1207602	SR 76 Middle	39,521,369	(21,564,800)	(17,956,569)	-
CAL29B	1207606	SR 76 East	30,055,000	(26,226,000)	(3,829,000)	-
CAL38	1390501	SR-905 New Freeway	848,000	(869,000)	21,000	-
CAL67	1280508	SR 94 Widening	6,054,000	(6,516,000)	462,000	-
CAL75	1200506	I-5 Genessee Interchange and Widening	2,517,000	(2,285,000)	(232,000)	-
CAL77	1200505	I-5/I-8 Connector	300,000	(300,000)	-	-
CAL78B	1280511	I-805 North: 2HOV	786,000	(1,764,000)	978,000	-
CAL78C	1280510	I-805 South: 2 HOV and DAR	56,369,000	(58,402,000)	2,033,000	-
CAL78C	1280514	I-805/SR15 Interchange	3,509,000	(2,158,000)	(1,351,000)	-
		Total CAL78C	59,878,000	(60,560,000)	682,000	-
		Subtotal Major Corridor - Pass Through	361,709,433	(355,730,661)	(5,978,772)	-

**SCHEDULE B**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2014</u>
		Balance Carried Forward Major Corridor - Pass Through	\$ 361,709,433	\$ (355,730,661)	\$ (5,978,772)	\$ -
CAL114	1200503	I-5/SR56 Interchange	80,000	(281,000)	201,000	-
CAL120	1201510	SR 78 Auxiliary Lanes	6,262,000	(11,074,000)	4,812,000	-
CAL277	1207802	I-15/SR-78 HOV Connectors	94,000	(451,000)	357,000	-
CAL278	1207801	SR78 HOV/Managed Lanes	1,393,000	(839,000)	(554,000.00)	-
CAL325	1390504	State Routes 905/125/11 Connectors	1,845,000	(1,516,000)	(329,000)	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	497,862	(539,700)	41,838	-
SAN23	1257001	Mid-Coast LRT Corridor Project	220,000	(220,000)	-	-
SAN26	1201505	I-15 BRT Transit Stations	653,700	(737,700)	84,000	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	2,433,700	(2,473,000)	39,300	-
SAN47	1280504	South Bay BRT	2,245,423	(1,499,423)	(746,000)	-
SAN146	1280512	I-805 Imperial BRT Station	35,600	(36,600)	1,000	-
	1200100	<i>TransNet</i> EAP Program Mgmt	364,200	(290,200)	(74,000)	-
		Total Major Corridor - Pass Through	<u>377,833,918</u>	<u>(375,688,284)</u>	<u>(2,145,634)</u>	<u>-</u>
		<b>Major Corridor:</b>				
CAL09	1200501	I-5 North Coast	13,784,664	(13,784,664)	-	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	4,012,274	(4,012,274)	-	-
CAL09	3310708	TDM - North Coast Corridor	<u>213,710</u>	<u>(213,710)</u>	<u>-</u>	<u>-</u>
		Total CAL09	<u>18,010,648</u>	<u>(18,010,648)</u>	<u>-</u>	<u>-</u>
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	<u>1,978,562</u>	<u>(1,978,562)</u>	<u>-</u>	<u>-</u>
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	<u>4,633,413</u>	<u>(4,633,413)</u>	<u>-</u>	<u>-</u>
CAL18	1201502	I-15 Managed Lanes - Middle Segment	<u>1,327,030</u>	<u>(1,327,030)</u>	<u>-</u>	<u>-</u>
CAL18A	1201503	I-15 Managed Lanes - North Segment	<u>19,042,597</u>	<u>(19,042,597)</u>	<u>-</u>	<u>-</u>
		Subtotal Major Corridor	<u>44,992,250</u>	<u>(44,992,250)</u>	<u>-</u>	<u>-</u>

**SCHEDULE B**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014
		Balance Carried Forward Major Corridor	\$ 44,992,250	\$ (44,992,250)	\$ -	\$ -
CAL18B	1201501	I-15 Managed Lanes - South Segment	14,422,969	(14,422,969)	-	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	6,529,485	(6,529,485)	-	-
		Total CAL18B	20,952,454	(20,952,454)	-	-
CAL26	1205203	State Route 52 Freeway (E&F)	16,992,382	(16,992,382)	-	-
CAL29	1207602	SR 76 Middle	9,538,901	(9,039,929)	(498,972)	-
CAL29B	1207606	SR 76 East	11,112,474	(11,112,474)	-	-
CAL38	1390501	SR-905 New Freeway	725,681	(725,681)	-	-
CAL67	1280508	SR-94 Widening	2,067,853	(2,067,853)	-	-
CAL68	1212501	SR-94-125 Widening	1,129,232	(1,129,232)	-	-
CAL75	1200506	I-5 Genessee Interchange and Widening	2,819,694	(2,819,694)	-	-
CAL77	1200505	I-5/I-8 Connector	23,796	(23,796)	-	-
CAL78B	1280511	I-805 North: 2 HOV	1,025,612	(1,025,612)	-	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	7,828,659	(7,828,659)	-	-
CAL78C	1280514	I-805/SR15 Interchange	27,691	(27,691)	-	-
		Total CAL78C	7,856,350	(7,856,350)	-	-
CAL114	1200503	I-5/SR 56 Interchange	39,422	(39,422)	-	-
CAL120	1201510	SR 78 Auxiliary Lanes	1,363,531	(1,363,531)	-	-
CAL277	1207802	I-15/SR-78 HOV Connectors	3,249	(3,249)	-	-
		Subtotal Major Corridor	120,642,881	(120,143,909)	(498,972)	-



**SCHEDULE B**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014
		Balance Carried Forward Major Corridor	\$ 120,642,881	\$ (120,143,909)	\$ (498,972)	\$ -
CAL278	1207801	SR78 HOV/Managed Lanes	6,402	(6,402)	-	-
CAL325	1390504	State Routes 905/125/11 Connectors	63,071	(63,071)	-	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	24,239,144	(24,239,144)	-	-
SAN04	3310400	I-15 Violation Enforcement System Study	72,770	(72,770)	-	-
		Total SAN04	24,311,914	(24,311,914)	-	-
SAN23	1257001	Mid-Coast Corridor Transit Project	67,816,688	(67,816,688)	-	-
SAN26	1201505	I-15 BRT Transit Stations	6,679,215	(6,679,215)	-	-
SAN26A	1201508	I-15 BRT Operations and Vehicles	23,437,030	(23,437,030)	-	-
SAN26B	1201509	Downtown BRT Stations	4,940,984	(4,940,984)	-	-
SAN26C	1201507	I-15 BRT Transit Stations - South	7,158,495	(7,158,495)	-	-
SAN27	1300601	San Ysidro Intermodal Freight Facility	2,407,865	(2,407,865)	-	-
SAN27	1300602	South Line Rail Freight Capacity	2,572,229	(2,572,229)	-	-
		Total SAN27	4,980,094	(4,980,094)	-	-
SAN29	1239801	Sorrento to Miramar Double Track/Realign	27,892,327	(27,892,327)	-	-
SAN29	1239812	Sorrento to Miramar Phase 2	1,846,660	(1,846,660)	-	-
		Total SAN29	29,738,987	(29,738,987)	-	-
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	1,350,053	(1,350,053)	-	-
SAN46	1041502	<i>SuperLoop</i>	25,825,660	(25,825,660)	-	-
		Subtotal Major Corridor	316,951,474	(316,452,502)	(498,972)	-

**SCHEDULE B**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014
		Balance Carried Forward Major Corridor	\$ 316,951,474	\$ (316,452,502)	\$ (498,972)	\$ -
SAN47	1280504	Otay BRT	15,395,091	(15,395,091)	-	-
SAN54	2301500	Multimodal TSM/TDM Model Tool	349,769	(349,769)	-	-
SAN54	3310709	TDM Vanpool & Carpool Market Analysis	22,647	(22,647)	-	-
SAN54	3311000	ITS Operations	6,296,818	(6,296,818)	-	-
SAN54	3311100	Regional ITS Program Management	781,153	(781,153)	-	-
SAN54	3311800	Connected Vehicle Development Program	158,869	(158,869)	-	-
SAN54	3311900	Arterial Detection System Development	181,788	(181,788)	-	-
		Total SAN54	7,791,044	(7,791,044)	-	-
SAN64	1239809	Eastbrook to Shell Double Track	2,390,396	(2,390,396)	-	-
SAN67	1210080	Low Floor Vehicles	62,271,151	(62,271,151)	-	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	581,661	(581,661)	-	-
SAN73	3310708	TDM - North Coast Corridor	213,709	(213,709)	-	-
		Total SAN73	795,370	(795,370)	-	-
SAN74	1143300	Escondido Bus Rapid Transit	4,215,922	(4,215,922)	-	-
SAN78	1240001	Mid-City Rapid Bus	13,831,827	(13,831,827)	-	-
SAN79	1142500	Centralized Train Control	7,032,545	(7,032,545)	-	-
SAN79	1143401	TLSP-At Grade Xing	99,999	(99,999)	-	-
		Total SAN79	7,132,544	(7,132,544)	-	-
SAN116	1239803	Oceanside Station Stub Tracks	3,361,796	(3,361,796)	-	-
SAN117	1239805	Poinsettia Run Through Track	249,398	(249,398)	-	-
		Subtotal Major Corridor	434,386,013	(433,887,041)	(498,972)	-

**SCHEDULE B**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014
		Balance Carried Forward Major Corridor	\$ 434,386,013	\$ (433,887,041)	\$ (498,972)	\$ -
SAN119	1239807	Sorrento Valley Double Track	1,047,755	(1,047,755)	-	-
SAN120	1239808	Tecolote-Washington Crossovers	2,144,775	(2,144,775)	-	-
SAN123	1143200	University Town Center (UTC) Transit Center	29,494	(29,494)	-	-
SAN128	1201512	I-15 BRT Sabre Springs Parking Structure	14,341,561	(14,341,561)	-	-
SAN129	1201514	Downtown Layover Facility	728,296	(728,296)	-	-
SAN130	1239810	Carlsbad Village Double Track	1,751,275	(1,751,275)	-	-
SAN131	1201511	Mira Mesa Blvd. BRT Priority Treatments	869,129	(869,129)	-	-
SAN132	1239811	Elvira to Morena Double Track	1,718,749	(1,718,749)	-	-
SAN133	1201513	South Bay BRT Maintenance Facility	25,129,123	(25,129,123)	-	-
SAN145	1143800	Encinitas Grade-Separated Pedestrian Crossing	2,464,908	(2,464,908)	-	-
SAN146	1280512	I-805 Imperial BRT Station	474,354	(474,354)	-	-
SAN149	1239814	Coaster PE	676,492	(676,492)	-	-
SAN170	1210010	Orange and Blue Line Project Management	12,728,149	(12,728,149)	-	-
SAN171	1210020	Blue Line Crossovers and Signals	8,960,969	(8,960,969)	-	-
SAN172	1210030	Blue Line Station Rehabilitation	10,039,443	(10,039,443)	-	-
SAN173	1210040	Blue Line Rail Infrastructure	15,432,827	(15,432,827)	-	-
SAN174	1210050	Blue Line Communications Upgrades	3,758,462	(3,758,462)	-	-
SAN176	1210070	System Station Platforms	34,344,676	(34,344,676)	-	-
SAN182	1239815	San Diego River Bridge	419,930	(419,930)	-	-
SAN183	1239816	Batiquitos Lagoon Double Track	120,384	(120,384)	-	-
SAN202	1201516	I-15 BRT Station Improvements	213	(213)	-	-
		Total Major Corridor	571,566,977	(571,068,005)	(498,972)	-
		Subtotal Cumulative <i>TransNet</i> Extension	1,129,488,171	(1,143,790,158)	14,301,987	-

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2014
<b>Completed Projects:</b>						
		Bike, Pedestrians & Neighborhood Safety (BPNS)	3,475,318	(3,150,697)	(324,621)	-
		Senior Services	1,736,060	(1,736,060)	-	-
		Smart Growth	5,103,220	(5,103,220)	-	-
		Transit Systems Improvement	11,000,000	(11,000,000)	-	-
		Local Street Improvements	3,230,419	(3,230,419)	-	-
		Regional Environmental Mitigation Program	4,814,290	(4,814,290)	-	-
		Major Corridor	<u>166,497,916</u>	<u>(152,151,843)</u>	<u>(14,346,073)</u>	<u>-</u>
		Total Completed Projects	<u>195,857,223</u>	<u>(181,186,529)</u>	<u>(14,670,694)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 1,325,345,394</u>	<u>\$ (1,324,976,687)</u>	<u>\$ (368,707)</u>	<u>\$ -</u>

**CITY OF SANTEE, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Santee, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or review that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.

i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

Results: No exceptions were noted as a result of our procedures.

ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$3,138,139. We selected \$842,073 (26.83%) for testing. No exceptions were noted as a result of our procedures.

iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: Indirect costs were allocated to RTIP projects at the rate of 30.5% of direct salary and benefits costs associated with each project. The City's indirect cost plan has not been reviewed by a cognizant agency. The City updates its indirect cost rate on an annual basis. The



indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement. The fund balance was under the apportionment as indicated on the following page:

Fiscal year 2014 apportionment	\$1,306,554
Less: debt service payment	<u>(592,801)</u>
Net estimated apportionment	713,753
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>214,126</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	42,660
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>42,660</u>
Fund balance under apportionment	<u>\$ 171,466</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$42,660	\$ (13,880)	\$ 28,780
Maintenance	<u>-</u>	<u>1,922,780</u>	<u>1,922,780</u>
Totals	<u>\$42,660</u>	<u>\$1,908,900</u>	<u>\$1,951,560</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2013	Additions	Principal Payments	Balance June 30, 2014	Interest Payments
2010 Series B	\$7,068,123	\$ -	\$304,162	\$6,763,961	\$288,639

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$ 881,963
Less MOE base year requirement	<u>(551,186)</u>
Excess MOE for fiscal year ended June 30, 2014	<u>\$ 330,777</u>

13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: This procedure is not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 6, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."
  - a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

- 16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

18. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: This procedure is not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015



**SCHEDULE A**

**CITY OF SANTEE, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief - Pass Through:</b>									
SNT20	N/A	Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
		Total Congestion Relief - Pass Through	-	7,400	-	(7,400)	-	-	
<b>Congestion Relief:</b>									
SNT04	2011-01	Citywide Pavement Repair & Rehab Phase 1	194,210	-	-	-	(194,210)	-	(a)
SNT04	2011-05	Citywide Pavement Repair & Rehab Other Phases	(3,934)	1,858,171	575	(1,971,088)	195,541	79,265	(a)(b)
SNT04	2013-21	Carlton Hills Storm Drain Improvements	(155,759)	474,374	-	(329,105)	-	(10,490)	(c)
SNT04	2014-07	Woodside Avenue Street Improvements	-	-	-	(26,133)	-	(26,133)	(c)
		Total SNT04	34,517	2,332,545	575	(2,326,326)	1,331	42,642	
SNT12	2009-06	Pavement Repair/Rehabilitation	1,127	-	-	-	(1,127)	-	(b)
SNT17	2013-05	Pavement Condition Report	(18,122)	65,000	-	(46,860)	-	18	
		2010 Series B Bonds Debt Service	-	592,801	-	(592,801)	-	-	
		Total Congestion Relief	17,522	2,990,346	575	(2,965,987)	204	42,660	
<b>Maintenance:</b>									
SNT07	2009-02	Santee Slurry Seal/Minor Repair Work	60	-	-	-	(60)	-	(b)
SNT15	2011-11	Traffic Signal LED Light Replacement	144	-	-	-	(144)	-	(b)
SNT16	2012-10	Illuminated Street Sign Replacement	(2,107)	2,107	-	-	-	-	
		Total Maintenance	(1,903)	2,107	-	-	(204)	-	
		Total Local Street Improvements	15,619	2,999,853	575	(2,973,387)	-	42,660	

**SCHEDULE A**

**CITY OF SANTEE, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	CIP Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>Bikes and Pedestrian:</b>									
SNT18	2013-52	Bike Lanes - Town Center/Olive Lane/Prospect Ave	\$ -	\$ 133,952	\$ -	\$ (128,672)	\$ (5,280)	\$ -	(d)
SNT19	2013-30	River Trail - Wal-Mart to Cuyamaca	-	-	-	(36,080)	(13,886)	(49,966)	(c)(d)
Total Bikes and Pedestrian			-	133,952	-	(164,752)	(19,166)	(49,966)	
Subtotal <i>TransNet</i> Extension			15,619	3,133,805	575	(3,138,139)	(19,166)	(7,306)	
GASB 31 Fair Market Value Adjustment			-	-	(557)	-	-	(557)	
<b>Total <i>TransNet</i> Extension:</b>			<b>\$ 15,619</b>	<b>\$ 3,133,805</b>	<b>\$ 18</b>	<b>\$ (3,138,139)</b>	<b>\$ (19,166)</b>	<b>\$ (7,863)</b>	

Notes:

- (a) Adjustment was part of an Inter-MPO ID transfer.
- (b) Per Council Resolution No. 008-2014, project balances from completed projects were transferred to SNT04.
- (c) The City will draw down funds during FY 15.
- (d) Adjustments reflect FY 13 expenditures not previously reported.

**CITY OF SANTEE, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Status June 30, 2014</u>
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief - Pass Through:</b>							
SNT20		Regional Arterial Management Systems	\$ 14,800	\$ -	\$ (14,800)	\$ -	\$ -
		Total Congestion Relief - Pass Through	<u>14,800</u>	<u>-</u>	<u>(14,800)</u>	<u>-</u>	<u>-</u>
<b>Congestion Relief:</b>							
SNT04	2011-01	Citywide Pavement Repair & Rehab Phase 1	3,554,123	515	(3,640,767)	86,129	-
SNT04	2011-05	Citywide Pavement Repair & Rehab Other Phases	2,552,650	575	(2,581,465)	107,505	79,265
SNT04	2013-21	Carlton Hills Storm Drain Improvements	511,677	-	(522,167)	-	(10,490)
SNT04	2014-07		<u>-</u>	<u>-</u>	<u>(26,133)</u>	<u>-</u>	<u>(26,133)</u>
		Subtotal SNT04	6,618,450	1,090	(6,770,532)	193,634	42,642
SNT12	2009-06	Pavement Repair/Rehabilitation	918,000	107	(916,980)	(1,127)	-
SNT17	2013-05	Pavement Condition Report	65,000	-	(64,982)	-	18
		2010 Series B Bonds Debt Service	<u>2,346,297</u>	<u>-</u>	<u>(2,346,297)</u>	<u>-</u>	<u>-</u>
		Total Congestion Relief	<u>9,947,747</u>	<u>1,197</u>	<u>(10,098,791)</u>	<u>192,507</u>	<u>42,660</u>
<b>Maintenance:</b>							
SNT07	2009-02	Santee Slurry Seal/Minor Repair Work	326,802	416	(327,159)	(59)	-
SNT15	2011-11	Traffic Signal LED Light Replacement	110,000	144	(110,000)	(144)	-
SNT16	2012-10	Illuminated Street Sign Replacement	<u>77,107</u>	<u>146</u>	<u>(77,253)</u>	<u>-</u>	<u>-</u>
		Total Maintenance	<u>513,909</u>	<u>706</u>	<u>(514,412)</u>	<u>(203)</u>	<u>-</u>
		Total Local Street Improvements	<u>10,476,456</u>	<u>1,903</u>	<u>(10,628,003)</u>	<u>192,304</u>	<u>42,660</u>

**SCHEDULE B**

**CITY OF SANTEE, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Status June 30, 2014</u>
<b>Bikes and Pedestrian:</b>							
SNT18	2013-52	Bike Lanes - Town Center/Olive Lane/Prospect Ave	\$ 133,952	\$ -	\$ (128,672)	\$ (5,280)	\$ -
SNT19	2013-30	River Trail - Walmart to Cuyamaca	-	-	(36,080)	(13,886)	(49,966)
Total Bikes and Pedestrians			<u>133,952</u>	<u>-</u>	<u>(164,752)</u>	<u>(19,166)</u>	<u>(49,966)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>10,610,408</u>	<u>1,903</u>	<u>(10,792,755)</u>	<u>173,138</u>	<u>(7,306)</u>
<b>Completed Projects</b>							
<b>Local Street Improvements:</b>							
Congestion Relief			4,261,293	-	(311,292)	(3,950,001)	-
Commercial Paper Debt Service			3,979,674	-	(29,674)	(3,950,000)	-
Bikes and Pedestrian			<u>30,200</u>	<u>-</u>	<u>-</u>	<u>(30,200)</u>	<u>-</u>
Total Completed Projects			<u>8,271,167</u>	<u>-</u>	<u>(340,966)</u>	<u>(7,930,201)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension:			<u>\$ 18,881,575</u>	<u>\$ 1,903</u>	<u>\$ (11,133,721)</u>	<u>\$ (7,757,063)</u>	<u>\$ (7,306)</u>

**CITY OF SANTEE, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments (a)	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 270,000	\$ -	\$ 2,994	\$ (117,111)	\$ 477	\$ 156,360	\$ 155,682
For Fiscal Year ended June 30, 2010	June 30, 2017	316,200	-	6,121	-	987	323,308	321,890
For Fiscal Year ended June 30, 2011	June 30, 2018	124,860	-	2,408	-	389	127,657	127,095
For Fiscal Year ended June 30, 2012	June 30, 2019	173,607	-	3,340	-	541	177,488	176,704
For Fiscal Year ended June 30, 2013	June 30, 2020	204,965	-	3,950	-	636	209,551	207,826
For Fiscal Year ended June 30, 2014	June 30, 2021	<u>384,278</u>	<u>-</u>	<u>2,006</u>	<u>-</u>	<u>-</u>	<u>386,284</u>	<u>-</u>
Total RTCIP Funds		<u>\$ 1,473,910</u>	<u>\$ -</u>	<u>\$ 20,819</u>	<u>\$ (117,111)</u>	<u>\$ 3,030</u>	<u>\$ 1,380,648</u>	<u>\$ 989,197</u>

Notes:

(a) City adjustments represent a correction to interest income reported in the prior fiscal year.

**CITY OF SOLANA BEACH, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Solana Beach, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.



Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet*'s general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,746,243. We selected \$545,574 (31.24%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.ii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column was explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2014 apportionment	\$404,928
Less: debt service payment	<u>(217,886)</u>
Net estimated apportionment	187,042
30% base	<u>30%</u>
Fiscal year 2014 30% threshold	<u>56,113</u>
Less:	
Local Streets and Roads fund balance	13,147
Local Street Improvement:	
Congestion Relief fund balance	22,083
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>35,230</u>
Fund balance under apportionment	\$ <u>20,883</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$22,083	\$(36,354)	\$(14,721)
Maintenance	-	645,530	645,530
Totals	<u>\$22,083</u>	<u>\$609,176</u>	<u>\$631,259</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2013	Additions	Principal Payments	Balance June 30, 2014	Interest Payments
2010 Series A Bonds	\$5,499,999	\$ -	\$ -	\$5,499,999	\$217,886

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.

- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2014, is summarized as follows:

Current year local discretionary expenditures	\$757,855
Less MOE base year requirement	<u>(472,898)</u>
Excess MOE for the year ended June 30, 2014	<u>\$284,957</u>

- 13. We reviewed transit operator eligibility for receipt of funds.
  - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
  - b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
  - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.) does not exceed the increase in the CPI (as obtained in procedure 13.).

Results: These procedures are not applicable for the City.

- 14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.
  - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.  
  
Results: No exceptions were noted as a result of our procedures.
- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.  
  
Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended within seven years of collection.  
  
Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.
- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.  
  
Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.  
  
Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 27, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:
  - a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
  - b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
    - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: These procedures are not applicable for the City.

18. For SANDAG only, we performed the following procedures:
  - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
  - b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.



Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**CITY OF SOLANA BEACH, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
SB14	9510	Traffic Signal Maintenance & Upgrades	\$ 13,147	\$ -	\$ -	\$ -	\$ -	\$ 13,147	(a)
		Total Local Streets and Roads	13,147	-	-	-	-	13,147	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
SB07	9386	Highway 101 Streetscaping	(4,434,946)	5,877,581	-	(1,419,751)	-	22,884	(a)
SB09	9859	El Viento at Granados	(243,376)	243,376	-	-	-	-	(b)
SB11	9321	Traffic Calming Improvements	13,558	28,623	-	(42,982)	-	(801)	(c)
SB12	9344	Highland/Lomas Santa Fe Intersection 2010 Series A Bonds	(365,787)	365,787	-	-	-	-	(b)
		Total Congestion Relief	(5,030,551)	6,733,253	-	(1,680,619)	-	22,083	
<b>Maintenance:</b>									
SB10	9362	Annual Pavement Management	(144,147)	144,147	-	-	-	-	(b)
		Total Maintenance	(144,147)	144,147	-	-	-	-	
		Total Local Street Improvements	(5,174,698)	6,877,400	-	(1,680,619)	-	22,083	
<b>Bikes and Pedestrian:</b>									
SB15	9960	CATS - Bike Pedestrian Calming	-	36,872	-	(65,624)	-	(28,752)	(d)
		Total Bikes and Pedestrian	-	36,872	-	(65,624)	-	(28,752)	
		Subtotal <i>TransNet</i> Extension	(5,174,698)	6,914,272	-	(1,746,243)	-	(6,669)	

**CITY OF SOLANA BEACH, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2013	Received	Income	Expenditures	Adjustments	June 30, 2014	
		Balance carried forward	\$ (5,174,698)	\$ 6,914,272	\$ -	\$ (1,746,243)	\$ -	\$ (6,669)	
		Interest Income	3,493	-	-	-	-	3,493	
		Total <i>TransNet</i> Extension	(5,171,205)	6,914,272	-	(1,746,243)	-	(3,176)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	(5,158,058)	6,914,272	-	(1,746,243)	-	9,971	
		GASB 31 Fair Market Value Adjustment	(1,646)	-	15	-	-	(1,631)	
		Total after GASB 31 Adjustment	\$ (5,159,704)	\$ 6,914,272	\$ 15	\$ (1,746,243)	\$ -	\$ 8,340	

Notes:

- (a) Project is expected to be completed during FY15.
- (b) Project is complete.
- (c) Project SB11 is ongoing and is expected to be completed in FY 15. To remove the deficit balance, the City will submit a reimbursement request in FY 15.
- (d) Project SB15 is ongoing. A portion of the deficit balance is due to retention held by SANDAG. To remove the remaining deficit balance, the City will submit for reimbursement in FY 15.

**CITY OF SOLANA BEACH, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2014</u>
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
SB07	9386	Highway 101 Streetscaping	\$ 5,877,581	\$ -	\$ (5,781,071)	\$ (73,626)	\$ 22,884
SB09	9859	El Viento at Granados	243,376	-	(279,376)	36,000	-
SB11	9321	Traffic Calming Improvements	28,623	-	(44,924)	15,500	(801)
SB12	9344	Highland/Lomas Santa Fe Intersection	365,787	-	(365,787)	-	-
		2010 Series A Bonds	837,140	-	(837,140)	-	-
		<b>Total Congestion Relief</b>	<u>7,352,507</u>	<u>-</u>	<u>(7,308,298)</u>	<u>(22,126)</u>	<u>22,083</u>
<b>Maintenance:</b>							
SB10	9362	Annual Pavement Management	144,147	-	(144,147)	-	-
		<b>Total Maintenance</b>	<u>144,147</u>	<u>-</u>	<u>(144,147)</u>	<u>-</u>	<u>-</u>
<b>Bike and Pedestrian:</b>							
SB15	9960	CATS- Bike Pedestrian Calming	36,872	-	(65,624)	-	(28,752)
		<b>Total Bikes and Pedestrian:</b>	<u>36,872</u>	<u>-</u>	<u>(65,624)</u>	<u>-</u>	<u>(28,752)</u>
		<b>Total Local Street Improvements</b>	<u>7,533,526</u>	<u>-</u>	<u>(7,518,069)</u>	<u>(22,126)</u>	<u>(6,669)</u>
		Interest Income	-	3,493	-	-	3,493
		<b>Subtotal Cumulative TransNet Extension</b>	<u>7,533,526</u>	<u>3,493</u>	<u>(7,518,069)</u>	<u>(22,126)</u>	<u>(3,176)</u>
<b>Completed Projects</b>							
		Congestion Relief	50,000	422	(48,457)	(1,965)	-
		<b>Total Completed Projects</b>	<u>50,000</u>	<u>422</u>	<u>(48,457)</u>	<u>(1,965)</u>	<u>-</u>
		<b>Total Cumulative TransNet Extension</b>	<u>\$ 7,583,526</u>	<u>\$ 3,915</u>	<u>\$ (7,566,526)</u>	<u>\$ (24,091)</u>	<u>\$ (3,176)</u>

CITY OF SOLANA BEACH CALIFORNIA

TransNet Extension Activities  
 RTCIP Fund  
 Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 3,544	\$ -	\$ 7	\$ -	\$ -	\$ 3,551	\$ 3,551
For Fiscal Year ended June 30, 2010	June 30, 2017	-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	3,623	-	-	-	-	3,623	3,623
For Fiscal Year ended June 30, 2013	June 30, 2020	3,623	-	-	-	-	3,623	3,623
For Fiscal Year ended June 30, 2014	June 30, 2021	3,623	-	-	-	-	3,623	-
<b>Total RTCIP Funds</b>		<b>\$ 14,413</b>	<b>\$ -</b>	<b>\$ 7</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,420</b>	<b>\$ 10,797</b>

**CITY OF VISTA, CALIFORNIA**

Report on Agreed-Upon Procedures  
Applied to the *TransNet* Fund

Year Ended June 30, 2014



Independent Taxpayer Oversight Committee  
San Diego Association of Governments  
San Diego, California

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Vista, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2014. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the 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.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP).

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2014.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.



Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2014.
- i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet*'s general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$501,704. We selected \$135,091 (26.93%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.e.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.e.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2014.

- f. We determined that any amounts reported in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

b. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2014 apportionment	\$2,085,722
Less: debt service payment	_____
Net estimated apportionment	2,085,722
30% base	_____ 30%
Fiscal year 2014 30% threshold	_____ 625,717
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	114,917
Maintenance fund balance	_____ 14,204
Total Local Streets and Roads and Local Street Improvement fund balance	_____ 129,121
Fund balance under apportionment	\$ _____ 496,596

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief (LSI Maintenance). We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2014 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2014 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$114,917	\$5,993,200	\$6,108,117
Maintenance	<u>14,204</u>	<u>287,978</u>	<u>302,182</u>
Totals	<u>\$129,121</u>	<u>\$6,281,178</u>	<u>\$6,410,299</u>

10. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: No exceptions were noted as a result of our procedures.

11. For SANDAG only, we obtained a schedule of bond financing costs related to Highway and transit capital projects indicating beginning balance, additions, and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current year financing costs to SANDAG records.

Results: This procedure is not applicable for the City.

12. For the cities and the County of San Diego only, we reviewed the MOE requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG staff.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
  - We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City had an outstanding unmet MOE requirement for the year ended June 30, 2013 in the amount of \$57,072. In the City's response to the prior year finding, the City had requested and was subsequently granted a two-year extension in the time permitted to meet the MOE threshold. MOE activity for the fiscal year ended June 30, 2014, is summarized as follows. The prior year finding regarding unmet MOE has been resolved.

Current year local discretionary expenditures	<u>\$2,901,972</u>
Less:	
MOE base year requirement	(2,385,097)
Unmet MOE from the year ended June 30, 2013	<u>(57,072)</u>
Adjusted MOE requirement	<u>(2,442,169)</u>
Excess MOE for fiscal year ended June 30, 2014	<u>\$ 459,803</u>

13. We reviewed transit operator eligibility for receipt of funds.

- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
- b. We obtained from SANDAG staff the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
- c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (as calculated in procedure 13.a) does not exceed the increase in the CPI (as obtained in procedure 13.b).

Results: This procedure is not applicable for the City.

14. For the cities and County of San Diego only, we obtained from SANDAG staff the approved RTCIP funding program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its funding program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.
- Results: No exceptions were noted as a result of our procedures.
- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.
- Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended within seven years of collection.
- Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.
- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.
- Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D2 of the RTCIP attachment to the Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.
- Results: This procedure is not applicable as the City did not have any RTCIP expenditures.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 17, 2014.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they were necessary and reasonable in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

- a. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented ITOC's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

16. For the cities and the County of San Diego only, we reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that total administrative costs included in Local Street Improvements was no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

17. For SANDAG only, we reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan:

- a. We reviewed to ensure that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
- b. We reviewed at least 25% of the administrative expenditures and ensured that they are expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.
  - i. If unallowable expenditures were identified, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable for the City.

18. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the FY 2014 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for Local Street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.



Results: This procedure is not applicable for the City.

19. We reviewed and documented the status of any prior year findings and recommendations.

Results: The City had one prior year finding in that its *TransNet* fund had not met its maintenance of effort requirement. As of June 30, 2014, this finding has been resolved.

20. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2014.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion the City's receipt and disbursement of *TransNet* funds. 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 Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
March 20, 2015

**SCHEDULE A**

**CITY OF VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
VISTA 07	7456	SR-78 Corridor Enhancement	\$ 7,948	\$ -	\$ -	\$ (8,721)	\$ 773	\$ -	(a)
VISTA 19	8030	Maryland Drive Sidewalks (Maryland Dr-Phase II)	110,451	-	-	-	(110,451)	-	(a)
Total Local Streets and Roads			<u>118,399</u>	<u>-</u>	<u>-</u>	<u>(8,721)</u>	<u>(109,678)</u>	<u>-</u>	
Total <i>TransNet</i>			<u>118,399</u>	<u>-</u>	<u>-</u>	<u>(8,721)</u>	<u>(109,678)</u>	<u>-</u>	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief Pass Through:</b>									
SAN54	N/A	Regional Arterial Management Systems	\$ -	\$ 8,800	\$ -	\$ (8,800)	\$ -	\$ -	
Total Congestion Relief-Pass Through			<u>-</u>	<u>8,800</u>	<u>-</u>	<u>(8,800)</u>	<u>-</u>	<u>-</u>	
<b>Congestion Relief:</b>									
VISTA 34	8155	Street Rehab & Resurface	(173,063)	107,202	-	(43,817)	109,678	-	(a)
VISTA 45	8197	Bobolink Storm Drain	(16,105)	43,268	-	(6,148)	-	21,015	
VISTA 46	8225	Street Construction/Overlay-Annual	(2,138)	110,608	-	(147,242)	-	(38,772)	(b)
VISTA 47	8242	Melrose Dr/Hacienda Dr Turn Lane	(14,225)	160,000	-	(4,816)	-	140,959	
VISTA 49	8252	Olive Ave Overpass Study	-	1,000	-	(960)	-	40	
VISTA 50	8232	Paseo Santa Fe Streetscape Improvements	-	20,000	-	(28,325)	-	(8,325)	(b)
Total Congestion Relief			<u>(205,531)</u>	<u>442,078</u>	<u>-</u>	<u>(231,308)</u>	<u>109,678</u>	<u>114,917</u>	
<b>Maintenance:</b>									
VISTA 25	7650	Roadway Rehab (Street Rehab/Curbs & Gutters)	(92,111)	140,000	-	(32,163)	(15,726)	-	(c)
VISTA 30	8154	Street Rehab & Maintenance - FY2007-08	(302,996)	303,000	-	-	(4)	-	(c)
VISTA 43	8219	Pavement and Sidewalk Management Systems	(13,073)	38,000	-	(26,453)	1,526	-	(c)
VISTA 53	8262	Annual Street Maintenance & Resurfacing	-	-	-	-	14,204	14,204	(c)
Total Maintenance			<u>(408,180)</u>	<u>481,000</u>	<u>-</u>	<u>(58,616)</u>	<u>-</u>	<u>14,204</u>	
Total Local Street Improvements			<u>(613,711)</u>	<u>931,878</u>	<u>-</u>	<u>(298,724)</u>	<u>109,678</u>	<u>129,121</u>	

**SCHEDULE A**

**CITY OF VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Project Status July 1, 2013	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014	Notes
		<b>Bikes and Pedestrians:</b>							
VISTA 48	8249	Vista Bicycle Master Plan	-	28,013	-	(108,651)	-	(80,638)	(b)
		Total Bikes and Pedestrians	-	28,013	-	(108,651)	-	(80,638)	
		<b>Senior Mini-Grants:</b>							
VISTA 44	1270600	Out & About Vista	(43,825)	109,403	-	(85,608)	-	(20,030)	(d)
		Total Senior Mini-Grants	(43,825)	109,403	-	(85,608)	-	(20,030)	
		Interest Income	-	-	81	-	-	81	
		Total <i>TransNet</i> Extension	(657,536)	1,069,294	81	(492,983)	109,678	28,534	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ (539,137)	\$ 1,069,294	\$ 81	\$ (501,704)	\$ -	\$ 28,534	

Notes:

- (a) Project complete. Authorization to transfer funds from VISTA 19 to VISTA 07 and VISTA 34 was approved by City Council Resolution 2014-174.
- (b) City to request draw down of programmed funding in December 2014 to eliminate negative balances identified in audit.
- (c) Project complete. Authorization to transfer funds from VISTA 25 and VISTA 30 to VISTA 43 and Vista 53 was approved by City Council Resolution 2014-174.
- (d) Received payments from SANDAG totaling \$20,030 in July 2014.

**SCHEDULE B**

**CITY OF VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief Pass Through:</b>							
SAN54	N/A	Regional Arterial Management Systems	\$ 17,600	\$ -	\$ (17,600)	\$ -	\$ -
		Total Congestion Relief-Pass Through	<u>17,600</u>	<u>-</u>	<u>(17,600)</u>	<u>-</u>	<u>-</u>
<b>Congestion Relief:</b>							
VISTA 34	8155	Street Rehab & Maintenance - Annual	685,744	-	(2,216,720)	1,530,976	-
VISTA 45	8197	Bobolink Storm Drain	43,268	-	(36,273)	14,020	21,015
VISTA 46	8225	Street Construction/Overlay-Annual	110,608	-	(149,380)	-	(38,772)
VISTA 47	8242	Melrose Dr/Hacienda Dr Turn Lane	160,000	-	(19,041)	-	140,959
VISTA 49	8252	Olive Ave Overpass Study	1,000	-	(960)	-	40
VISTA 50	8232	Paseo Santa Fe Streetscape Improvements	<u>20,000</u>	<u>-</u>	<u>(28,325)</u>	<u>-</u>	<u>(8,325)</u>
		Total Congestion Relief	<u>1,020,620</u>	<u>-</u>	<u>(2,450,699)</u>	<u>1,544,996</u>	<u>114,917</u>
<b>Maintenance:</b>							
VISTA 25	7650	Roadway Rehab & Upgrade	235,000	7	(219,281)	(15,726)	-
VISTA 30	8154	Street Rehab & Maintenance - FY2007-08	2,839,429	-	(2,839,429)	-	-
VISTA 43	8219	Pavement & Sidewalk Management System	100,000	-	(101,526)	1,526	-
VISTA 53	8262	Annual Street Maintenance & Resurfacing	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,204</u>	<u>14,204</u>
		Total Maintenance	<u>3,174,429</u>	<u>7</u>	<u>(3,160,236)</u>	<u>4</u>	<u>14,204</u>

**SCHEDULE B**

**CITY OF VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project (Continued)  
 Year Ended June 30, 2014

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2014
<b>Bikes and Pedestrians:</b>							
VISTA 48	8249	Vista Bicycle Master Plan	28,013	-	(108,651)	-	(80,638)
		Total Bikes and Pedestrians	28,013	-	(108,651)	-	(80,638)
<b>Senior Mini-Grants:</b>							
VISTA 44	1270600	Out & About Vista	167,010	-	(187,040)	-	(20,030)
		Total Senior Mini-Grants	167,010	-	(187,040)	-	(20,030)
		Interest Income	-	81	-	-	81
		Subtotal Cumulative <i>TransNet</i> Extension	4,407,672	88	(5,924,226)	1,545,000	28,534
<b>Completed Projects:</b>							
		Local Street Improvements:					
		Congestion Relief	2,504,680	4,765	(2,219,451)	(289,994)	-
		Maintenance	257,187	63	(256,309)	(941)	-
		Bikes and Pedestrian	225,432	-	(204,804)	(20,628)	-
		Senior Mini Grants	75,848	-	(75,848)	-	-
		Total Completed Projects	3,063,147	4,828	(2,756,412)	(311,563)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 7,470,819	\$ 4,916	\$ (8,680,638)	\$ 1,233,437	\$ 28,534

**SCHEDULE C**

**CITY OF VISTA, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2014

Project Year	Last Date to Spend funds	Cumulative					Cumulative Status	
		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	June 30, 2014	June 30, 2013
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 32,000	\$ -	\$ 346	\$ (32,346)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	69,360	-	1,543	(70,903)	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	101,969	-	3,057	(13,644)	-	91,382	90,673
For Fiscal Year ended June 30, 2012	June 30, 2019	186,824	-	3,766	-	-	190,590	189,112
For Fiscal Year ended June 30, 2013	June 30, 2020	43,762	-	330	-	-	44,092	43,750
For Fiscal Year ended June 30, 2014	June 30, 2021	<u>176,720</u>	<u>-</u>	<u>1,381</u>	<u>-</u>	<u>-</u>	<u>178,101</u>	<u>-</u>
Total RTCIP Funds		<u>\$ 610,635</u>	<u>\$ -</u>	<u>\$ 10,423</u>	<u>\$ (116,893)</u>	<u>\$ -</u>	<u>\$ 504,165</u>	<u>\$ 323,535</u>