

**CALTRANS**

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

Year Ended June 30, 2010



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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 State of California, Department of Transportation (Caltrans) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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	\$41,292,148
<i>TransNet</i> revenue recorded by Caltrans	<u>42,991,585</u>
Variance	<u>\$(1,699,437)</u>

The variance was a result of the following:

FY 2009 revenues recorded in FY 2010	\$(9,637,587)
FY 2010 revenues recorded in FY 2011	7,961,575
Underbilling of SANDAG in-lieu of agreed-upon payment	81,847
Rounding variance	(1)
Administrative error to be corrected in FY 2011	<u>(105,271)</u>
Variance	<u>\$(1,699,437)</u>

- c. We identified the interest income reported for the year ended June 30, 2010.
  - i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.
  - ii. We ensured that interest is applied to each active project that carries a positive beginning balance.
  - iii. We reviewed the interest allocation methodology for reasonableness.

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.

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.
  - i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 expenditures in the amount of \$55,311,145. We selected \$14,894,640 (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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for Caltrans.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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: Per Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan, "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 the operative date of this Ordinance (Fiscal Years 2000-01, 2001-02, 2002-03), as was reported in the State Controller's Annual Report of Financial Transactions for Streets and Roads and as verified by an independent auditor."

This procedure is not applicable as Caltrans does not receive Streets and Roads funds.

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

Results: This procedure is not applicable for Caltrans.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

Results: This procedure is not applicable as Caltrans is not a local agency as identified in Section Section 9 of the Extension Ordinance.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for Caltrans.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

- a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for Caltrans.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: No findings and recommendations were noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included Caltrans' response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the 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.



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

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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 Huffer M.C. P.C.*

Irvine, California  
March 14, 2011

SCHEDULE A

CALTRANS

TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>								
<b>Highways:</b>								
CAL 01	Route 5	\$ (88,044)	\$ -	\$ -	\$ 24,346	\$ -	\$ (63,698)	(a)
CAL 26	Route 52	1,228,506	-	-	-	-	1,228,506	
CAL 31	Route 54/125	(809,723)	-	-	431,470	-	(378,253)	(b)
CAL 31	Route 125	(77)	-	-	-	77	-	(c)
CAL 31	SR-125 8 Lane Freeway	(3,796,727)	-	-	54,978	(77)	(3,741,826)	(b) (c)
	Total CAL 31 Projects	(4,606,527)	-	-	486,448	-	(4,120,079)	
CAL 69	Noise Barrier	(336,001)	-	-	340,006	-	4,005	
	Total Highways	(3,802,066)	-	-	850,800	-	(2,951,266)	
<b>Bikes and Pedestrian:</b>								
CAL 92	SR-5 Bike Path	5,631	25,599	-	-	-	31,230	
	Total Bikes and Pedestrian	5,631	25,599	-	-	-	31,230	
	Total TransNet	\$ (3,796,435)	\$ 25,599	\$ -	\$ 850,800	\$ -	\$ (2,920,036)	

SCHEDULE A

CALTRANS

TransNet and TransNet Extension Activities  
Schedule of Status of Funds by Project  
(Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2010	Notes
<b>TransNet Extension:</b>								
<b>Major Corridor:</b>								
CAL 09	I-5 North Coast	\$ 3,749,641	\$ 3,000,000	\$ -	\$ (2,981,032)	\$ 2,475,000	\$ 6,243,609	(h)
CAL 09 A/B	I-5 HOV Ext & Lomas Santa Fe	5,557,202	-	-	(899,632)	(4,441,100)	216,470	(h)
CAL 09 C	I-805 HOV / Carroll-Canyon DAR	(3,636,016)	3,701,000	-	(1,890,574)	2,576,600	751,010	(h)
CAL 18	I-15 Managed Lanes - Middle Segment	217,611	1,454,800	-	(678,704)	412,200	1,405,907	(h)
CAL 18 A	I-15 Managed Lanes - North Segment	(72,996)	3,500,000	-	(13,684,016)	-	(10,257,012)	(f)
CAL 18 B	I-15 Managed Lanes - South Segment	6,073,767	810,000	-	(8,406)	(2,318,000)	4,557,361	(h)
CAL 26	SR 52 Freeway E&F	1,690,883	15,810,000	-	(3,135,954)	(11,919,700)	2,445,229	(h)
CAL 26 A	SR 52 HOV / Managed Lanes	675	-	-	235,652	149,493	385,820	(e)
CAL 26 B	SR 52 Auxiliary Lanes	1,725,467	1,502,000	-	(4,201,751)	1,596,347	622,063	(e) (h)
CAL 29	SR 76 Middle	(3,540,227)	7,788,503	-	(17,806,837)	16,438,600	2,880,039	(h)
CAL 29 B	SR 76 East	(54,427)	625,000	-	(1,086,239)	600,000	84,334	(h)
CAL 38	SR-905 New Freeway	-	-	-	(145,105)	-	(145,105)	(f)
CAL 69	Noise Barrier	(429,533)	-	-	(543,504)	-	(973,037)	(f)
CAL 78 B	I-805 North	(462,608)	757,000	-	(681,801)	-	(387,409)	(f)
CAL 78 C	I-805 South	(650,663)	1,300,000	-	(4,438,107)	5,200,000	1,411,230	(h)
CAL 120	Aux / Nordahl	-	-	-	(774,391)	-	(774,391)	(f)
SAN04	I-15 FasTrak	(26,331)	125,271	-	102,538	15,300	216,778	(d) (h)
SAN26	I-15 BRT Stations - North	(8,540)	20,000	-	(8,455)	5,000	8,005	(h)
SAN26B&C	I-15 BRT Stations - South	(110,319)	140,000	-	(138,734)	-	(109,053)	(f)
SAN 47	I-805 BRT	(151,316)	200,000	-	(71,107)	-	(22,423)	(f)
1200100	Program Office	(171,465)	180,000	-	(10,749)	36,000	33,786	(g)
001952	Property Management	(4,008)	-	-	(94,978)	-	(98,986)	(f)
105319	Evergreen Prrpty. Mgmt./Excess Land	(68,200)	-	-	-	-	(68,200)	(f)
Total Major Corridor		9,628,597	40,913,574	-	(52,941,886)	10,825,740	8,426,025	

SCHEDULE A

CALTRANS

TransNet and TransNet Extension Activities  
Schedule of Status of Funds by Project  
(Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2010	Notes
V07	<b>Major Corridor Environmental Mitigation Program (MC EMP):</b>							
	Mitigation Program	11,210,604	2,052,412	-	(3,220,059)	(10,558,400)	\$ (515,443)	(h)
	Total MC EMP	11,210,604	2,052,412	-	(3,220,059)	(10,558,400)	(515,443)	
	Total TransNet Extension	\$ 20,839,201	\$ 42,965,986	\$ -	\$ (56,161,945)	\$ 267,340	\$ 7,910,582	
	Total TransNet and TransNet Extension	\$ 17,042,766	\$ 42,991,585	\$ -	\$ (55,311,145)	\$ 267,340	\$ 4,990,546	

Notes:

- (a) Funding of these expenditures is pending but undetermined at this time.
- (b) A negative ending balance for TransNet projects exists due to payments on hold by a Stop Notice filed by the Otay River Constructors (ORC). Still pending settlement.
- (c) There was a credit of \$77 posted as an error in FY 2009; this was corrected in FY 2010.
- (d) The expenditures on this project is inflated by \$105,271 due to an administrative error that coded this amount as a TransNet receipt. In FY 2011, this amount will be reversed and applied appropriately per the terms of Cooperative Agreement 11-8300.
- (e) The refund check of \$777,043 was remitted to SANDAG but only \$545,703 was credited to the pass through line. Of the variance \$149,493 reflects the difference between the amount remitted and the amount credited for CAL 26A and \$81,847 reflects the difference between the amount remitted and the amount credited for CAL 26B.
- (f) Negative ending balance will be removed with next invoice to SANDAG in FY 2011.
- (g) This is a correction entry from Invoice #11079684 that was posted in FY 2009, but discovered and corrected in FY 2010.
- (h) There were excess deposit credits in the amount of \$10,558,400 for the EMP in the Quarter 3 TransNet Extension invoices. The excess was distributed to fund expenditures invoiced rather than receiving additional funds and returning the excess.

**SCHEDULE B**

**CALTRANS**

*TransNet Extension Activities*  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>						
<b>Major Corridor:</b>						
CAL 09	I-5 North Coast	\$ 9,303,550	\$ -	\$ (5,534,941)	\$ 2,475,000	\$ 6,243,609
CAL 09 A/B	I-5 HOV Ext & Lomas Santa Fe	18,946,555	-	(14,288,985)	(4,441,100)	216,470
CAL 09 C	I-805 HOV / Carroll Canyon DAR	10,166,000	-	(11,991,590)	2,576,600	751,010
CAL 18	I-15 Managed Lanes - Middle Segment	4,623,800	-	(3,630,093)	412,200	1,405,907
CAL 18 A	I-15 Managed Lanes - North Segment	18,299,257	-	(28,556,269)	-	(10,257,012)
CAL 18 B	I-15 Managed Lanes - South Segment	22,914,481	-	(16,039,120)	(2,318,000)	4,557,361
CAL 26	SR 52 Freeway E&F	71,165,052	-	(56,800,123)	(11,919,700)	2,445,229
CAL 26 A	SR 52 HOV / Managed Lanes	3,716,999	-	(2,703,629)	(627,550)	385,820
CAL 26 B	SR 52 Auxiliary Lanes	30,048,832	-	(31,023,116)	1,596,347	622,063
CAL 29	SR 76 Middle	18,990,429	-	(32,548,990)	16,438,600	2,880,039
CAL 29 B	SR 76 East	935,000	-	(1,450,666)	600,000	84,334
CAL 38	SR-905 New Freeway	-	-	(145,105)	-	(145,105)
CAL 69	Noise Barrier	196,833	-	(1,169,870)	-	(973,037)
CAL 78 B	I-805 North	4,959,000	-	(5,346,409)	-	(387,409)
CAL 78 C	I-805 South	5,447,000	-	(9,235,770)	5,200,000	1,411,230
CAL 120	Aux / Nordahl	-	-	(774,391)	-	(774,391)
SAN04	I-15 FasTrak	325,271	-	(123,793)	15,300	216,778
SAN26	I-15 BRT Stations - North	120,000	-	(116,995)	5,000	8,005
SAN26B&C	I-15 BRT Stations - South	285,000	-	(394,053)	-	(109,053)
SAN 47	I-805 BRT	200,000	-	(222,423)	-	(22,423)
1200100	Program Office	180,000	-	(182,214)	36,000	33,786
001952	Property Management	-	-	(98,986)	-	(98,986)
105319	Evergreen Prprty. Mgmt./Excess Land	-	-	(68,200)	-	(68,200)
<b>Total Major Corridor</b>		<b>220,823,059</b>	<b>-</b>	<b>(222,445,731)</b>	<b>10,048,697</b>	<b>8,426,025</b>

**SCHEDULE B**

**CALTRANS**

*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

<u>MPO ID</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2010</u>
	Balance carried forward	\$ 220,823,059	-	\$ (222,445,731)	\$ 10,048,697	\$ 8,426,025
	<b>Major Corridor Environmental Mitigation Program (MC EMP):</b>					
V07	Mitigation Program	43,017,112	-	(30,991,443)	(12,541,112)	(515,443)
	Total MC EMP	43,017,112	-	(30,991,443)	(12,541,112)	(515,443)
	Total Cumulative <i>TransNet</i> Extension	\$ 263,840,171	\$ -	\$ (253,437,174)	\$ (2,492,415)	\$ 7,910,582

Note:

Schedule B includes activity that was advance-funded prior to the implementation of the *TransNet* Extension Ordinance on July 1, 2008, through various SANDAG debt instruments and is paid down with Major Corridor Program and Environmental Mitigation Program funding.

**CITY OF CARLSBAD, CALIFORNIA**

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

Year Ended June 30, 2010



**Mayer Hoffman McCann P.C.**

An Independent CPA Firm

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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 Carlsbad, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.



4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.

- 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$641,983. We selected \$258,547 (40.27%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is not in compliance with the 30% requirement. The fund balance over the apportionment is as follows. See Finding Number 1, in the Findings and Recommendations section of this report.

Fiscal year 2010 apportionment	\$1,949,358
Less: debt service payment	<u>          -</u>
Net estimated apportionment	1,949,358
30% base	<u>          30%</u>
Fiscal year 2010 30% threshold	584,807
Less: fund balance per Schedule A	<u>(989,737)</u>
Fund balance over apportionment	<u><u>\$(404,930)</u></u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$ 7,768,758
Less MOE base year requirement	<u>(6,183,329)</u>
Excess MOE for fiscal year ended June 30, 2010	<u><u>\$ 1,585,429</u></u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

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

v. We determined whether the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has not yet been resolved. See Finding Number 1 in the Findings and Recommendations section of this report.

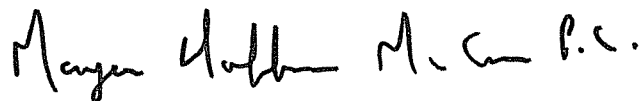
16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

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 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 this specified party.



Irvine, California  
September 17, 2010

# CITY OF CARLSBAD, CALIFORNIA

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

### Findings and Recommendations

Year Ended June 30, 2010

#### (1) **Need to Use Remaining Balance Before Requesting Future Funding**

As of June 30, 2010, the ending fund balance of the *TransNet* fund of the City of Carlsbad (City) was \$989,737, which exceeded 30% of its annual apportionment. This condition was previously reported in the prior year.

Board Policy 031, Rule #17, paragraph IV states, in part:

“...an agency that maintains a balance of more than 30 percent of its annual apportionment (after debt service payments) must use the remaining balance to fund projects. SANDAG will defer payment until the recipient agency’s Director of Finance, or equivalent, submits to SANDAG a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined.”

#### **Recommendation**

We recommend that the City exhaust the excess cash balance as expediently as possible. SANDAG is unable to advance additional funds until such time that the Director of Finance of the City certifies compliance with this Rule.

#### **Management Response**

After discussion with SANDAG, the City’s *TransNet* drawdown policy was revised to comply with SANDAG’s Board Policy No. 31, Rule #17, Section IV (“30% Rule”). The City will now only draw down funds when the City’s *TransNet* cash balance falls below the 30% threshold. No funds were drawn down during fiscal year 2009-10. Ending cash balances were the result of existing project delays.



SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>									
<b>Highways:</b>									
	3400000								
01-H-001	90041	Cannon Road	\$ 2,783	\$ -	\$ -	(2,783)	\$ -	\$ -	(a)
01-H-004	38141	College Blvd./Cannon Rd	1,344,963	-	35,815	(101)	-	1,380,677	
		<b>Total Highways</b>	1,347,746	-	35,815	(2,884)	-	1,380,677	
<b>Local Streets and Roads:</b>									
	3420000								
CB04	39201	ECR Widening - North of Cougar	(3,630)	-	196	(15,374)	18,808	-	(c)
CB04A	39572	ECR Widening - Tamarack to Chestnut	-	-	16,384	(12,750)	(18,808)	(15,174)	(b) (c)
CB07	60011	Pavement Management/Street Overlay	1,520,092	-	5,231	(579,259)	(13,075)	932,989	(d)
CB09	35571	Bridge Replacement - Carlsbad Blvd.	33,258	-	1,021	(311)	-	33,968	
CB17	60143	Carlsbad Blvd Bridge - Powerplant	-	-	42	(6,130)	6,088	-	(d)
CB18	60163	Carlsbad Blvd Bridge - Railroad	-	-	89	(7,076)	6,987	-	(d)
		<b>Total Local Streets and Roads</b>	1,549,720	-	22,963	(620,900)	-	951,783	
<b>Bikes and Pedestrian:</b>									
	3410000								
CB15	39601	Bicycle Master Plan	2,288	-	89	-	-	2,377	
01-B-006	34554	Coastal Rail Trail	40,737	-	1,247	(18,199)	-	23,785	
		<b>Total Bikes and Pedestrian</b>	43,025	-	1,336	(18,199)	-	26,162	
		<b>Total TransNet</b>	\$ 2,940,491	\$ -	\$ 60,114	\$ (641,983)	\$ -	\$ 2,358,622	

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
	3420000	<b>Congestion Relief:</b>							
CB20	60011	Pavement Management - Overlay	\$ 37,796	\$ -	\$ 158	\$ -	\$ -	\$ 37,954	
		Total Congestion Relief	37,796	-	158	-	-	37,954	
		<b>Bikes and Pedestrian:</b>							
V02	34554	Coastal Rail Trail	-	57,725	564	-	-	58,289	
		Total Bikes and Pedestrian	-	57,725	564	-	-	58,289	
		Total TransNet Extension	\$ 37,796	\$ 57,725	\$ 722	\$ -	\$ -	\$ 96,243	
		Total TransNet and TransNet Extension	\$ 2,978,287	\$ 57,725	\$ 60,836	\$ (641,983)	\$ -	\$ 2,454,865	

Notes:

- (a) The project was completed during FY 2009. The City returned funds to SANDAG during FY 2010.
- (b) 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 will only be drawn down when the City's cash balance falls below the 30% threshold. Once the City is in compliance with the 30% Rule, a reimbursement request will be submitted to SANDAG for payment.
- (c) The MPO ID number was changed in the 2010 RTIP.
- (d) The project's funding source was changed in the 2010 RTIP. The City reallocated project cash balances to reflect this change.

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA

TransNet Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
CB20	60011	Pavement Management - Overlay	\$ -	\$ 158	\$ -	\$ 37,796	\$ 37,954
		Total Congestion Relief	-	158	-	37,796	37,954
<b>Bikes and Pedestrian:</b>							
V02	34554	Coastal Rail Trail	57,725	564	-	-	58,289
		Total Bikes and Pedestrian	57,725	564	-	-	58,289
		Total Cumulative TransNet Extension	\$ 57,725	\$ 722	\$ -	\$ 37,796	\$ 96,243

SCHEDULE C

CITY OF CARLSBAD, CALIFORNIA

TransNet Extension Activities

RTCIP Account

Year Ended June 30, 2010

Project Name	Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Status June 30, 2010
Year ended June 30, 2009	\$ 234,654	\$ 187,346	\$ 14,674	\$ -	\$ -	\$ 436,674
Year ended June 30, 2010	-	514,405	17,888	-	-	532,293
Total RTCIP funds	\$ 234,654	\$ 701,751	\$ 32,562	\$ -	\$ -	\$ 968,967

**CITY OF CHULA VISTA, CALIFORNIA**

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

Year Ended June 30, 2010



**Mayer Hoffman McCann P.C.**

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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, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$10,783,915. We selected \$3,350,330 (31.07%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$3,712,807
Less: debt service payment	<u>          -</u>
Net estimated apportionment	3,712,807
30% base	<u>          30%</u>
Fiscal year 2010 30% threshold	1,113,842
Less: fund balance per Schedule A	<u>(605,531)</u>
Fund balance under apportionment	<u>\$ 508,311</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$4,284,581
Less MOE base year requirement	<u>(4,166,208)</u>
Excess MOE for fiscal year ended June 30, 2010	<u>\$ 118,373</u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: The City recorded total expenditures in the amount of \$1,950. We selected \$923 (47.33%) for testing. No exceptions were noted as a result of our procedures.

v. We reviewed and ensured that the City and the County of San Diego provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

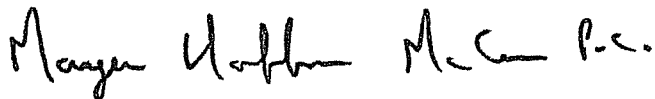
Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has been resolved.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

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

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  
January 18, 2011

# CITY OF CHULA VISTA, CALIFORNIA

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

### Findings and Recommendations

(1) **RTCIP Loans**

The City loaned the RTCIP fund \$125,143 to begin certain RTCIP approved projects. However, City Council approval of this loan was not obtained.

**Recommendation**

We recommend that the City obtain approval from the City Council for the loans made to the RTCIP fund.

**Management Response**

The City of Chula Vista is in agreement with the recommendation that the City obtain approval from the City Council for the loans made to the RTCIP fund and will prepare an agenda statement to obtain City Council approval for the loans made to the RTCIP fund prior to June 30, 2011.

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
CHV01	STM328	Olympic Parkway/ I-805	\$ (17,997)	\$ -	\$ -	\$ -	\$ -	\$ (17,997)	(b)
CHV06	STL238	Pavement Rehabilitation 06-07	6,473,674	-	32,617	-	-	6,506,291	(d)
CHV06	STL286	Sidewalk Improvement Otay Lakes Rd.	(236,881)	-	-	-	-	(236,881)	(e)
CHV06	STL310	Pavement Rehabilitation 04/05	1,946,571	-	9,813	(117)	-	1,956,267	(d)
CHV06	STL315	Pavement Rehabilitation 05/06	137,771	-	696	-	-	138,467	(d)
CHV06	STL316	Pavement Rehabilitation	2,384,812	-	12,023	-	-	2,396,835	
CHV06	STL325	Pavement Testing & Management	(140,641)	-	-	(79,351)	-	(219,992)	(e)
CHV06	STL335	Pavement Rehabilitation 07/08	(1,342,076)	-	-	(3,072,579)	-	(4,414,655)	(e)
CHV06	STL340	Pavement Rehabilitation 06/07	(2,234,497)	-	-	(55,644)	-	(2,290,141)	(e)
CHV06	STL346	Pavement Minor Rehabilitation	(28,366)	-	-	(311,456)	-	(339,822)	(e)
CHV06	STL355	Pavement Minor Rehab 09/10	-	-	-	(450,000)	-	(450,000)	(e)
CHV06	SW233	Moss Street Woodlawn to Broadway	(1,104,243)	-	-	-	-	(1,104,243)	(e)
Total CHV06 Projects			5,856,124	-	55,149	(3,969,147)	-	1,942,126	
CHV18	STL287	Castle Park Elementary Sidewalk Imprv.	120,836	-	609	-	-	121,445	(d)
CHV18	STL291	Fourth Ave Sidewalk Improvement	1,087,543	-	6,447	(390,802)	-	703,188	
CHV18	STL292	ADA Curb Cuts 03/04	(71)	-	-	-	-	(71)	(e)
CHV18	STL299	Third Ave. Sidewalks - D St. to 4th Ave.	55,133	-	315	(9,767)	-	45,681	
CHV18	STL307	Sidewalk Installation/ Rehabilitation 04/05	(35,165)	-	-	-	-	(35,165)	(e)
CHV18	STL321	Sidewalk Rehabilitation / Installation	193,988	-	977	-	-	194,965	
CHV18	STL336	Sidewalk Rehabilitation / Installation	(5,557)	-	-	-	-	(5,557)	(e)
CHV18	STL347	Sidewalk Installation	(816)	-	-	-	-	(816)	(e)
CHV18	STL363	Sidewalk Safety Program	-	-	-	(24,360)	-	(24,360)	(e)
Total CHV18 Projects			1,415,891	-	8,348	(424,929)	-	999,310	
Subtotal Local Streets and Roads			7,254,018	-	63,497	(4,394,076)	-	2,923,439	

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

MPO ID	CIP Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2009	Received	Income	Expenditures	Adjustments	June 30, 2010	
		Balance carried forward	\$ 7,254,018	\$ -	\$ 63,497	\$ (4,394,076)	\$ -	\$ 2,923,439	
CHV19	STM354	North Broadway Pavement Reconstruction	2,265,193	-	15,519	(1,649,712)	(631,000)	-	(f)
CHV22	OP202	CIP Advanced Planning	52,743	-	259	(50,509)	52,743	55,236	(g)
CHV29	STL328	L Street Imprv from Monserate to Nacio	520,547	-	2,619	(53,158)	-	470,008	
CHV33	TF345	School Zone Traffic Calming	210,927	-	999	(54,701)	-	157,225	
CHV33	TF362	Kids Walk/ Bike to School Phase II	(7,084)	-	-	(82,264)	-	(89,348)	(e)
CHV33	STM368	Lauderbach Elem Schl Ped Imprv.	-	-	-	(1,221)	-	(1,221)	(e)
		Total CHV33 Projects	203,843	-	999	(138,186)	-	66,656	
CHV34	TF327	Neighborhood Traffic & Pedestrian Safety	28,075	-	-	(28,075)	-	-	
CHV39	TF350	Traffic Signal System Optimization	19,840	-	-	(19,840)	-	-	
CHV40	STL337	Bayshore Bikeway Segment 7 & 8	1,595	-	9	-	-	1,604	
CHV41	TF358	West Side Transportation DIF	213,189	-	1,068	(7,547)	-	206,710	
CHV42	TF353	Major Intersection Safety Program	6,468	-	30	-	-	6,498	
CHV43	TF354	Traffic Congestion Relief Program	82,998	-	417	-	-	83,415	(h)
CHV44	TF344	1805 Direct Access Ramp E H St & E Palomar	814	-	-	(15,146)	-	(14,332)	(e)
CHV44	TF356	Otay Mesa Transportation System	89,326	-	443	(2,100)	-	87,669	
		Total CHV44 Projects	90,140	-	443	(17,246)	-	73,337	
		Subtotal Local Streets and Roads	10,738,649	-	84,860	(6,358,349)	(578,257)	3,886,903	



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

MPO ID	CIP Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
		Balance carried forward	\$ 10,738,649	\$ -	\$ 84,860	\$ (6,358,349)	\$ (578,257)	\$ 3,886,903	
CHV50	DR180	Emerg. Storm Drain Replacement	-	-	-	(558,321)	-	(558,321)	(i)
CHV53	STL351	Bikeway Master Plan Update	-	-	-	(39,077)	-	(39,077)	(i)
		Subtotal Local Streets and Roads	<u>10,738,649</u>	<u>-</u>	<u>84,860</u>	<u>(6,955,747)</u>	<u>(578,257)</u>	<u>3,289,505</u>	
		Unallocated	<u>542,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,193)</u>	<u>495,842</u>	(j)
		Total Local Streets and Roads	<u>11,280,684</u>	<u>-</u>	<u>84,860</u>	<u>(6,955,747)</u>	<u>(624,450)</u>	<u>3,785,347</u>	
		<b>Bike and Pedestrian:</b>							
CHV27	STL298	Bay Blvd Bike Path E Street to F Street	(176)	-	-	-	-	(176)	(a)
		Total Bike and Pedestrian	<u>(176)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176)</u>	
		Total <i>TransNet</i>	<u>\$ 11,280,508</u>	<u>\$ -</u>	<u>\$ 84,860</u>	<u>\$ (6,955,747)</u>	<u>\$ (624,450)</u>	<u>\$ 3,785,171</u>	
		<b>TransNet Extension:</b>							
		<b>Local Street Improvements:</b>							
		<b>Congestion Relief:</b>							
CHV19	STM354	North Broadway Pavement Reconstruction	\$ -	\$ -	\$ -	\$ (520,158)	\$ -	\$ (520,158)	(c)
CHV30	STM361	15 Multi-Modal Corridor Improv. Study	68,638	-	-	(179,659)	-	(111,021)	(c)
CHV30	STM363	I-5/ H Street Interchange Improvement	(14,583)	-	-	-	-	(14,583)	(c)
		Total CHV 30 Projects	<u>54,055</u>	<u>-</u>	<u>-</u>	<u>(179,659)</u>	<u>-</u>	<u>(125,604)</u>	
CHV37	STL280	Palomar Gateway	<u>76,943</u>	<u>-</u>	<u>156</u>	<u>(71,315)</u>	<u>-</u>	<u>5,784</u>	
CHV39	TF350	Traffic Signal System Optimization	<u>25,700</u>	<u>-</u>	<u>133</u>	<u>(96,060)</u>	<u>-</u>	<u>(70,227)</u>	(c)
		Subtotal Congestion Relief	<u>156,698</u>	<u>-</u>	<u>289</u>	<u>(867,192)</u>	<u>-</u>	<u>(710,205)</u>	

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

MPO ID	CIP Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2009	Received	Income	Expenditures	Adjustments	June 30, 2010	
		Balance carried forward	\$ 156,698	\$ -	\$ 289	\$ (867,192)	\$ -	\$ (710,205)	
CHV44	TF359	SR 54 Corridor Improv. Arterial Ops.	-	-	-	(867)	-	(867)	(c)
CHV48	STL345	Pavement Major Rehabilitation	(6,317)	-	-	(79,297)	-	(85,614)	(c)
CHV48	STL354	Pavement Major Rehabilitation 09/10	-	-	-	(64,068)	631,000	566,932	(f)
CHV48	STL366	Pavement Major Fed. Aid Highways	-	-	-	(2,054,182)	-	(2,054,182)	(c)
		Total CHV48 Projects	(6,317)	-	-	(2,197,547)	631,000	(1,572,864)	
CHV51	STL359	Naples St. & Oleander Ave. CG/ADA	-	-	-	(806)	-	(806)	(c)
CHV52	STL360	Industrial Blvd. Bike Ln L St. - Palomar	-	-	-	(231)	-	(231)	(c)
CHV52	STL361	Industrial Blvd. Bike Ln / Ped Improvement	-	-	-	(7,364)	-	(7,364)	(c)
		Total CHV52 Projects	-	-	-	(7,595)	-	(7,595)	
CHV54	STM367	So Broadway Improv. Main to SthrnCity	-	-	-	(9,442)	-	(9,442)	(c)
CHV55	STL342	Second Ave. Improv. Naples-Palomar	-	-	-	(24,540)	-	(24,540)	(c)
CHV55	STL303	Glenhaven Way Any St. Improv.	-	-	-	(19,999)	-	(19,999)	(c)
CHV55	STL304	Glenhaven Way Any St. Improv.	-	-	-	(6,795)	-	(6,795)	(c)
CHV55	STL305	Oxford St. Improv. Third-Alpine	-	-	-	(15,000)	-	(15,000)	(c)
		Total CHV55 Projects	-	-	-	(66,334)	-	(66,334)	
		Total Congestion Relief	150,381	-	289	(3,149,783)	631,000	(2,368,113)	
		<b>Maintenance:</b>							
CHV22	OP208	CIP Management & Equipment Purchase	(13,960)	-	-	(2,876)	-	(16,836)	(c)
CHV26	STL323	Pedestrian Master Plan	34,304	-	-	(95,304)	-	(61,000)	(c)
CHV33	TF361	Safe Routes 2 School Otay/ Rice Elm	(69,221)	-	-	(27,779)	-	(97,000)	(c)
CHV34	TF327	Neighborhood Safety Program	-	-	-	(85,530)	-	(85,530)	(c)
		Subtotal Maintenance	(48,877)	-	-	(211,489)	-	(260,366)	

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

MPO ID	CIP Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
		Balance carried forward	\$ (48,877)	\$ -	\$ -	\$ (211,489)	\$ -	\$ (260,366)	
CHV35	TF325	Transportation Planning Program	(30,967)	-	-	(31,453)	-	(62,420)	(c)
CHV35	TF330	Traf Mod 4th / Main & 4th / Beyer	-	-	-	(176,143)	-	(176,143)	(c)
CHV35	TF331	Traffic Signal Mod 3rd / Montgomery	-	-	-	(1,121)	-	(1,121)	(c)
CHV35	TF332	Signing and Stripping Program	(4,569)	-	-	(42,071)	-	(46,640)	(c)
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	(133,954)	-	-	(152,146)	-	(286,100)	(c)
CHV35	TF369	Three Park Bicycle Facility Improvement	(337)	-	-	(936)	-	(1,273)	(c)
		Total CHV35 Projects	(169,827)	-	-	(403,870)	-	(573,697)	
CHV45	TF321	Citywide Traffic Count Program	(20,012)	-	-	(9,043)	-	(29,055)	(c)
CHV46	TF368	Harborside Elementary Pedestrian Improv.	85,000	-	556	(53,657)	-	31,899	
CHV47	TF367	Urban Core Srvs Level Threshold Study	20,409	-	105	(326)	-	20,188	
		Total Maintenance	(133,307)	-	661	(678,385)	-	(811,031)	
		Total Local Street Improvements	17,074	-	950	(3,828,168)	631,000	(3,179,144)	
		Total <i>TransNet</i> Extension	\$ 17,074	\$ -	\$ 950	\$ (3,828,168)	\$ 631,000	\$ (3,179,144)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 11,297,582	\$ -	\$ 85,810	\$ (10,783,915)	\$ 6,550	\$ 606,027	

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

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2010</u>	<u>Notes</u>
<b>Non-TransNet:</b>									
<b>Highways:</b>									
CHV26	STM334	99 / H St. reconstruction 805	\$ (496)	\$ -	\$ -	\$ -	\$ -	\$ (496)	(a)
Total Non-TransNet			\$ (496)	\$ -	\$ -	\$ -	\$ -	\$ (496)	
Total TransNet, TransNet Extension and Non-TransNet			\$ 11,297,086	\$ -	\$ 85,810	\$ (10,783,915)	\$ 6,550	\$ 605,531	

Notes:

- (a) The deficit was offset by General Fund appropriation approved by per Council Resolution RESO 2010-166 on 06/22/10 but posted in the new fiscal year on 07/1/2010 and not accrued back to FY10. As a result this transfer will be reflected in FY11.
- (b) The City intends to use cash on hand from CHV06 to cover the project deficit. Transfer scheduled to be approved by Council in April 2011.
- (c) The City intends to cover project deficit with draw down in FY 11.
- (d) Project should be closed. The balance will be used to cover projects with same MPO ID in FY 2011.
- (e) The deficit will be offset by other projects within the same MPO ID.
- (f) Transferred \$631,000 from CHV19 (STM354) to CHV48 (STL354) per Council Resolution 2010-065.
- (g) \$52,743 appropriation from available *TransNet* (unallocated) funds per Council Resolution 2010-065.
- (h) FY08 and FY09 expenditures are not reflected because they were applied to local match. Project will continue in FY 2011.
- (i) City adjustments will be made in FY11.
- (j) City intends to use the Unallocated Cash on hand to cover the deficit in project (s) CHV53 (STL351) and CHV19 (STM354) This adjustment was approved on 6/22/10 and will be made in this FY 2011 Q3 financial report to the City Council.

**CITY OF CHULA VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
CHV19	STM354	North Broadway Pavement Reconstrucion	\$ -	\$ -	\$ (520,158)	\$ -	\$ (520,158)
CHV30	STM361	15 Multi-Modal Corridor Improv. Study	100,000	-	(211,021)	-	(111,021)
CHV30	STM363	I-5/ H Street Interchange Improvement	-	-	(14,583)	-	(14,583)
Total CHV 30 Projects			100,000	-	(225,604)	-	(125,604)
CHV37	STL280	Palomar Gateway	200,000	4,132	(198,348)	-	5,784
CHV39	TF350	Traffic Signal System Optimization	25,000	833	(96,060)	-	(70,227)
CHV44	TF359	SR 54 Corridor Improv Arterial Ops.	-	-	(867)	-	(867)
CHV48	STL345	Pavement Major Rehabilitation	-	-	(85,614)	-	(85,614)
CHV48	STL354	Pavement Major Rehabilitation 09/10	-	-	(64,068)	631,000	566,932
CHV48	STM366	Pavement Major Fed. Aid Highways	-	-	(2,054,182)	-	(2,054,182)
Total CHV 48 Projects			-	-	(2,203,864)	631,000	(1,572,864)
CHV51	STL359	Naples St & Oleander Ave CG/ADA	-	-	(806)	-	(806)
CHV52	STL360	Industrial Blvd. Bike Ln L St. - Palomar	-	-	(231)	-	(231)
CHV52	STL361	Industrial Blvd. Bike Ln / Ped Improvement	-	-	(7,364)	-	(7,364)
Total CHV 52 Projects			-	-	(7,595)	-	(7,595)
CHV54	STM367	So Broadway Improv Main to SthrnCity	-	-	(9,442)	-	(9,442)
Subtotal Congestion Relief			325,000	4,965	(3,262,744)	631,000	(2,301,779)

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

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
		Balance carried forward	\$ 325,000	\$ 4,965	\$ (3,262,744)	\$ 631,000	\$ (2,301,779)
CHV55	STL342	Second Ave. Imprv. Naples - Palomar	-	-	(24,540)	-	(24,540)
CHV55	STL303	Glenhaven Way Any St. Improv.	-	-	(19,999)	-	(19,999)
CHV55	STL304	Glenhaven Way Any St. Improv.	-	-	(6,795)	-	(6,795)
CHV55	STL305	Oxford St. Improv. Third - Alpine	-	-	(15,000)	-	(15,000)
		Total CHV 55 Projects	-	-	(66,334)	-	(66,334)
		Total Congestion Relief	325,000	4,965	(3,329,078)	631,000	(2,368,113)
		<b>Maintenance:</b>					
CHV22	OP202	CIP Management & Equipment Purchase	-	-	(16,836)	-	(16,836)
CHV26	STL323	Pedestrian Master Plan	-	-	(61,000)	-	(61,000)
CHV33	TF361	Safe Routes 2 School Otay / Rice Elm	-	-	(97,000)	-	(97,000)
CHV34	TF327	Neighborhood Safety Program	-	-	(85,530)	-	(85,530)
CHV35	TF325	Transportation Planning Program	-	-	(62,420)	-	(62,420)
CHV35	TF330	Traf Mod 4th / Main & 4th / Beyer	-	-	(176,143)	-	(176,143)
CHV35	TF331	Traffic Signal Mod 3rd / Montgomery	-	-	(1,121)	-	(1,121)
CHV35	TF332	Signing and Stripping Program	-	-	(46,640)	-	(46,640)
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	20,000	-	(306,100)	-	(286,100)
CHV35	TF369	Three Park Bicycle Facility Improvement	-	-	(1,273)	-	(1,273)
		Total CHV 35 Projects	20,000	-	(593,697)	-	(573,697)
CHV45	TF321	Citywide Traffic Count Program	-	-	(29,055)	-	(29,055)
CHV46	TF368	Harborside Elementary Pedestrian Improv.	85,000	556	(53,657)	-	31,899
CHV47	TF367	Urban Core Srvs Level Threshold Study	20,000	663	(475)	-	20,188
		Total Maintenance	125,000	1,219	(937,250)	-	(811,031)

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

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
		Total Local Street Improvements	450,000	6,184	(4,266,328)	631,000	(3,179,144)
		Total Cumulative <i>TransNet</i> Extension	\$ 450,000	\$ 6,184	\$ (4,266,328)	\$ 631,000	\$ (3,179,144)

**CITY OF CHULA VISTA, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2010

Project Name	Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments (1)	Status June 30, 2010
Year ended June 30, 2009	\$ 34,367	\$ -	\$ 3,105	\$ -	\$ 24,387	\$ 61,859
Year ended June 30, 2010	-	51,498	1,208	(1,950)	180,000	230,756
Total RTCIP Funds	-	51,498	4,313	(1,950)	204,387	258,248

(1) \$180,000 was transferred in FY 09. This was a loan from the Transportation Development Impact Fund (TDIF) to the Western Transportation Development Impact Fund (WTDIF), also referred to as RTCIP. The loan is to be paid back annually from the WTDIF collected. It is anticipated that the loan requirements shall be addressed and will be included in the FY 12 budget. The loan shall be no greater than a period of 10 years with an interest rate based on City's monthly pooled rate. In addition, commercial fees collected in FY 09, in the amount of \$24,387, were not captured in the FY 09 report and have been adjusted in for FY 10.



**CITY OF CORONADO, CALIFORNIA**

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

Year Ended June 30, 2010



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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 Coronado, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

Results: For the interest that was allocated, no exceptions were noted as a result of our procedures.

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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, including City adjustments, in the amount of \$900,877. We selected \$529,410 (58.77%) 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 whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$426,357
Less: debt service payment	<u>-</u>
Net estimated apportionment	426,357
30% base	<u>30%</u>
Fiscal year 2010 30% threshold	127,907
Less: fund balance per Schedule A	<u>31,309</u>
Fund balance under apportionment	<u>\$159,216</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$1,130,992
Less MOE base year requirement	<u>(865,298)</u>
Excess MOE for fiscal year ended June 30, 2010	<u>\$ 265,694</u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

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

v. We reviewed and ensured that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the fiscal year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.



Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has been resolved.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

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.

*Mayer Hoffman McCa P.C.*

Irvine, California  
October 18, 2010

**CITY OF CORONADO, CALIFORNIA**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>								
<b>Local Streets and Roads:</b>								
COR 07	Street and Road Rehabilitation	\$ 435,492	\$ 50,000	\$ -	\$ (85,492)	\$ (400,000)	\$ -	(a)
COR 09	6th and Orange Improvement	98,710	-	-	(98,710)	-	-	(b)
	Total Local Streets and Roads	<u>534,202</u>	<u>50,000</u>	<u>-</u>	<u>(184,202)</u>	<u>(400,000)</u>	<u>-</u>	
	Total <i>TransNet</i>	<u>\$ 534,202</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (184,202)</u>	<u>\$ (400,000)</u>	<u>\$ -</u>	
<b>TransNet Extension:</b>								
<b>Congestion Relief:</b>								
COR 07	Street and Road Rehabilitation	\$ 187,029	\$ 95,000	\$ -	\$ (136,675)	\$ (180,000)	\$ (34,646)	(a), (c)
	Total Congestion Relief	<u>187,029</u>	<u>95,000</u>	<u>-</u>	<u>(136,675)</u>	<u>(180,000)</u>	<u>(34,646)</u>	
<b>Maintenance:</b>								
COR 04	Street and Road Maintenance	(66,839)	70,000	176	-	-	3,337	
	Total Maintenance	<u>(66,839)</u>	<u>70,000</u>	<u>176</u>	<u>-</u>	<u>-</u>	<u>3,337</u>	
	Total <i>TransNet</i> Extension	<u>\$ 120,190</u>	<u>\$ 165,000</u>	<u>\$ 176</u>	<u>\$ (136,675)</u>	<u>\$ (180,000)</u>	<u>\$ (31,309)</u>	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ 654,392</u>	<u>\$ 215,000</u>	<u>\$ 176</u>	<u>\$ (320,877)</u>	<u>\$ (580,000)</u>	<u>\$ (31,309)</u>	

**Notes:**

- (a) The City returned to SANDAG the monies held in excess of the 30% rule.
- (b) The *TransNet* portion of this project has been completed.
- (c) Funding will be requested in FY 2011 to remove the deficit.

**CITY OF CORONADO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>						
<b>Local Street Improvements:</b>						
<b>Congestion Relief:</b>						
COR 07	Street and Road Rehabilitation	\$ 275,000	\$ 7,029	\$ (136,675)	\$ (180,000)	\$ (34,646)
	Total Congestion Relief	275,000	7,029	(136,675)	(180,000)	(34,646)
<b>Maintenance:</b>						
COR 04	Street and Road Maintenance	70,000	176	(66,839)	-	3,337
	Total Maintenance	70,000	176	(66,839)	-	3,337
	Total Cumulative <i>TransNet</i> Extension	\$ 345,000	\$ 7,205	\$ (203,514)	\$ (180,000)	\$ (31,309)

CITY OF CORONADO, CALIFORNIA  
TransNet Extension Activities  
RTCIP  
Year Ended June 30, 2010

<u>Project Name</u>	<u>Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Status June 30, 2010</u>
Year ended June 30, 2009	\$ 6,235	\$ -	\$ 941	\$ -	\$ -	\$ 7,176
Year ended June 30, 2010	<u>-</u>	<u>2,040</u>	<u>314</u>	<u>-</u>	<u>-</u>	<u>2,354</u>
Total RTCIP Funds	<u>\$ 6,235</u>	<u>\$ 2,040</u>	<u>\$ 1,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,530</u>

**COUNTY OF SAN DIEGO**

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

Year Ended June 30, 2010



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 County of San Diego, California (County) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.
  - i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 expenditures in the amount of \$22,461,172. We selected \$6,778,751 (30.18%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The County is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$10,582,433
Less: debt service payment	<u>(1,417,623)</u>
Net estimated apportionment	9,164,810
30% base	<u>30%</u>
Fiscal year 2010 30% threshold	2,749,443
Less: fund balance per Schedule A	<u>(2,066,196)</u>
Fund balance under apportionment	<u>\$ 683,247</u>

8. 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.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Interest</u> <u>Payments</u>
2008 Bonds	\$22,087,847	\$ -	\$(434,222)	\$21,653,625	\$(983,401)

9. We reviewed the maintenance of effort (MOE) requirement for the County.
- We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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: This procedure is not necessary as the MOE requirement for the County is \$0.

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

Results: This procedure is not applicable for the County.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the County.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the County.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the County. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

i. We determined that the County is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: The County recorded total RTCIP expenditures in the amount of \$841,480. We selected \$107,813 (12.81%) for testing. No exceptions were noted as a result of our procedures.

v. We determined whether the County provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the County.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the County.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: No findings and recommendations were noted in the prior year report; therefore, this procedure is not applicable.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. If applicable, we have included the County's response to the findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

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.



Irvine, California  
December 8, 2010

**COUNTY OF SAN DIEGO**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>									
<b>Highways:</b>									
CNTY 14	1003303	South Santa Fe - North	\$ 6,677,479	\$ -	\$ 60,507	\$ (3,219,647)	\$ -	\$ 3,518,339	
		Total Highways	6,677,479	-	60,507	(3,219,647)	-	3,518,339	
<b>SR 78 Corridor Highway Funds:</b>									
CNTY 14	1003303	South Santa Fe - South	3,376,417	-	6,913	(3,383,330)	-	-	
		Total SR 78 Highway Funds	3,376,417	-	6,913	(3,383,330)	-	-	
		Total All Highways Funds	10,053,896	-	67,420	(6,602,977)	-	3,518,339	
<b>Local Streets and Roads:</b>									
CNTY 19	1003327	Valley Center Road	-	730,000	1,507	(894,656)	163,149	-	(a)
CNTY 24	1003046	Cole Grade - High School	429,193	-	5,450	(9,946)	-	424,697	
CNTY 36	1009592	San Vicente Road South I	20,905	-	-	(20,905)	-	-	
		Total Local Streets and Roads	450,098	730,000	6,957	(925,507)	163,149	424,697	
		Total <i>TransNet</i>	\$ 10,503,994	\$ 730,000	\$ 74,377	\$ (7,528,484)	\$ 163,149	\$ 3,943,036	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
CNTY 14	1003303	South Santa Fe	\$ -	\$ 12,000	\$ -	\$ (12,000)	\$ -	\$ -	
CNTY 14A	1010123	South Santa Fe - South	99,049	51,963	422	(225,856)	-	(74,422)	(b)
		Subtotal Congestion Relief	99,049	63,963	422	(237,856)	-	(74,422)	

**COUNTY OF SAN DIEGO**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2010	Notes
		Subtotal Congestion Relief balance carried forward	\$ 99,049	\$ 63,963	\$ 422	\$ (237,856)	\$ -	\$ (74,422)	
CNTY 17	1003307	SR 54/94 II & III	(74,361)	157,260	-	(82,949)	-	(50)	(b)
CNTY 19	1003327	Valley Center Road	(2,455,618)	2,549,780	-	(101,940)	7,778	-	(c)
CNTY 21	1003030	Bradley Avenue	224,112	529,071	1,073	(640,376)	-	113,880	
CNTY 25	1007353	East Mission Road	7,778	-	-	-	(7,778)	-	(c)
CNTY 33	1009578	Via De La Santa	6,574	291,377	150	(275,107)	-	22,994	
CNTY 34	1009589	Dye Road Extension	(47,257)	516,000	7	(499,018)	-	(30,268)	(b)
CNTY 35	1009591	Ramona Street Extension	193,063	8,259	715	(182,894)	-	19,143	
CNTY 36	1009592	San Vicente Road South I	-	745,403	45	(846,730)	-	(101,282)	(b)
CNTY 38	1009758	Rancho Santa Fe Roundabouts	(63,196)	347,006	1,460	(171,985)	-	113,285	
CNTY 39	1010404	Bear Valley Parkway	(137,423)	696,835	644	(559,412)	-	644	
CNTY 46	1013096	AC Overlay	(95,552)	7,270,000	97	(7,711,009)	539,144	2,680	(d) (e)
CNTY 61	1013097	Jamacha TS IC Spring Valley	(3,194)	254,000	-	(283,357)	32,551	-	(e) (h)
CNTY 66	1003111	Lonestar Road	-	100,000	335	(56,824)	-	43,511	
CNTY 76	1013679	Jamacha Blvd. Phase 1 & 2	-	821,000	1,587	(604,646)	-	217,941	
CNTY 78	1013677	Inland Rail Trail	-	25,000	88	(11,508)	-	13,580	
		Total Congestion Relief	<u>(2,346,025)</u>	<u>14,374,954</u>	<u>6,623</u>	<u>(12,265,611)</u>	<u>571,695</u>	<u>341,636</u>	
		<b>Maintenance:</b>							
CNTY 26	1003260	Olive Vista Drive	1,224,397	-	7,229	(1,033,959)	-	197,667	
CNTY 26	1007354	Valley Center Road Median	<u>1,315,536</u>	<u>-</u>	<u>15,002</u>	<u>(228,342)</u>	<u>-</u>	<u>1,102,196</u>	
		Total CNTY 26 Projects	<u>2,539,933</u>	<u>-</u>	<u>22,231</u>	<u>(1,262,301)</u>	<u>-</u>	<u>1,299,863</u>	

**COUNTY OF SAN DIEGO**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status	Funds	Interest	Project	County	Project Status	Notes
			July 1, 2009	Received	Income	Expenditures	Adjustments	June 30, 2010	
		Total Congestion Relief balance carried forward	\$ (2,346,025)	\$ 14,374,954	\$ 6,623	\$ (12,265,611)	\$ 571,695	\$ 341,636	
		Subtotal Maintenance balance carried forward	2,539,933	-	22,231	(1,262,301)	-	1,299,863	
CNTY 45	1012891	Bridge Methacrylate	(21,170)	980,000	4,003	(348,152)	(614,681)	-	(e)
CNTY 48	1012892	Culvert Rehab Repair	(11,665)	340,000	527	(263,998)	(64,864)	-	(d)
CNTY 49	1012894	Culvert Lining	(40,224)	600,000	-	(667,626)	107,850	-	(e) (f)
		Total Maintenance	<u>2,466,874</u>	<u>1,920,000</u>	<u>26,761</u>	<u>(2,542,077)</u>	<u>(571,695)</u>	<u>1,299,863</u>	
		Total Local Street Improvements	<u>120,849</u>	<u>16,294,954</u>	<u>33,384</u>	<u>(14,807,688)</u>	<u>-</u>	<u>1,641,499</u>	
		<b>Bikes and Pedestrians:</b>							
CNTY 31	1003260	Olive Vista Drive	-	125,000	-	(125,000)	-	-	(g)
		Total Bikes and Pedestrians	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>(125,000)</u>	<u>-</u>	<u>-</u>	
		Total <i>TransNet</i> Extension	<u>\$ 120,849</u>	<u>\$ 16,419,954</u>	<u>\$ 33,384</u>	<u>\$ (14,932,688)</u>	<u>\$ -</u>	<u>\$ 1,641,499</u>	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ 10,624,843</u>	<u>\$ 17,149,954</u>	<u>\$ 107,761</u>	<u>\$ (22,461,172)</u>	<u>\$ 163,149</u>	<u>\$ 5,584,535</u>	

Notes:

- (a) Refund received from Caltrans in the amount of \$163,149 for completed and closed project Camino Canada (ID 19-L-081), which was a cooperative agreement. Leftover funds were applied to CNTY 19 per SANDAG Board Policy No. 031, Rule #17, Section III.B.1.
- (b) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 2010. Additional funding will be requested during FY 2011.
- (c) Project CNTY 25 East Mission Road is complete. Remaining funds under CNTY 25 of (\$7,778) were transferred to CNTY 19 Valley Center Road. Final approval of cash transfer will be brought to the County Board on March 16, 2011.
- (d) Project CNTY 48 Culvert Rehab Repair is complete. Remaining funds of (\$64,864) were transferred to CNTY 46 AC Overlay. Final approval of cash transfer will be brought to the County Board on March 16, 2011.
- (e) Project CNTY 45 Bridge Methacrylate is complete. Remaining funds under CNTY 45 (\$614,681) were transferred to CNTY 46 AC Overlay \$474,280, CNTY 49 Culvert Lining \$107,850, and CNTY 61 Jamacha TS IC Spring Valley \$32,551. Final approval of cash transfer will be brought to the County Board on March 16, 2011.
- (f) Project CNTY 49 Culvert Lining is complete.
- (g) Project CNTY 31 Olive Vista Dr is complete.
- (h) Project CNTY 61 Jamacha TS IC Spring Valley is complete.



**COUNTY OF SAN DIEGO**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
CNTY 14	1003303	South Santa Fe	\$ 12,000	\$ -	\$ (12,000)	\$ -	\$ -
CNTY 14A	1010123	South Santa Fe - South	200,000	1,730	(276,153)	-	(74,422)
CNTY 17	1003307	SR 54/94 II & III	171,360	-	(171,410)	-	(50)
CNTY 19	1003327	Valley Center North	19,843,053	524,685	(23,660,232)	3,292,494	-
CNTY 21	1003030	Bradley Avenue	914,000	53,167	(795,287)	(58,000)	113,880
CNTY 25	1007353	East Mission Road	1,535,816	94,519	(1,622,557)	(7,778)	-
CNTY 33	1009578	Via De La Santa	331,377	210	(308,593)	-	22,994
CNTY 34	1009589	Dye Road Extension	571,000	7	(601,275)	-	(30,268)
CNTY 35	1009591	Ramona Street Extension	395,815	18,442	(395,114)	-	19,143
CNTY 36	1009592	San Vicente Road South I	745,403	45	(846,730)	-	(101,282)
CNTY 38	1009758	Rancho Santa Fe Roundabouts	503,000	1,792	(391,507)	-	113,285
CNTY 39	1010404	Bear Valley Parkway	782,835	644	(782,835)	-	644
CNTY 46	1013096	AC Overlay	7,345,000	97	(7,881,561)	539,144	2,680
CNTY 61	1013097	Jamacha TS IC Spring Valley	264,000	-	(296,551)	32,551	-
CNTY 66	1033111	Lonestar Road	100,000	335	(56,824)	-	43,511
CNTY 76	1013679	Jamacha Blvd. Phase 1 & 2	821,000	1,587	(604,646)	-	217,941
CNTY 78	1013677	Inland Rail Trail	25,000	88	(11,508)	-	13,580
Total Congestion Relief			<u>34,560,659</u>	<u>697,348</u>	<u>(38,714,783)</u>	<u>3,798,411</u>	<u>341,636</u>
<b>Maintenance:</b>							
CNTY 26	1003099	Julian Avenue	1,800,000	132,966	(2,363,404)	430,438	-
CNTY 26	1003260	Olive Vista Drive	2,800,000	326,537	(2,558,364)	(370,506)	197,667
CNTY 26	1003276	Ramona Drive	1,000,000	54,562	(994,630)	(59,932)	-
CNTY 26	1007354	Valley Center Road Median	1,500,000	251,686	(649,490)	-	1,102,196
Subtotal CNTY 26 Projects			<u>7,100,000</u>	<u>765,751</u>	<u>(6,565,888)</u>	<u>-</u>	<u>1,299,863</u>

**COUNTY OF SAN DIEGO**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2010
		Total Congestion Relief balance carried forward	\$ 34,560,659	\$ 697,348	\$ (38,714,783)	\$ 3,798,411	\$ 341,636
		Subtotal Maintenance balance carried forward	7,100,000	765,751	(6,565,888)	-	1,299,863
CNTY 45	1012891	Bridge Methacrylate	1,000,000	4,003	(389,322)	(614,681)	-
CNTY 48	1012892	Culvert Rehab Repair	360,000	527	(295,664)	(64,864)	-
CNTY 49	1012894	Culvert Lining	-	600,000	(707,850)	107,850	-
		Total Maintenance	<u>8,460,000</u>	<u>1,370,281</u>	<u>(7,958,724)</u>	<u>(571,695)</u>	<u>1,299,863</u>
		Total Local Street Improvements	<u>43,020,659</u>	<u>2,067,629</u>	<u>(46,673,507)</u>	<u>3,226,716</u>	<u>1,641,499</u>
		<b>Bikes and Pedestrians:</b>					
CNTY 31	1003260	Olive Vista Drive	<u>125,000</u>	-	<u>(125,000)</u>	-	-
		Total Bikes and Pedestrians	<u>125,000</u>	-	<u>(125,000)</u>	-	-
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 43,145,659</u>	<u>\$ 2,067,629</u>	<u>\$ (46,798,507)</u>	<u>\$ 3,226,716</u>	<u>\$ 1,641,499</u>

Note:

Schedule B includes activity for Project CNTY 26 that was advance-funded prior to the implementation of the *TransNet* Extension Ordinance on July 1, 2008, through various SANDAG debt instruments and is paid down through the County of San Diego *TransNet* Extension Ordinance Local Street Improvement funding.

**COUNTY OF SAN DIEGO**  
*TransNet* Extension Activities  
 RTCIP Schedule  
 Year Ended June 30, 2010

Project Name	Status July 1, 2009	(1) Funds Received	Interest Income	Refunds	Project Expenditures	(2) County Adjustments	Status June 30, 2010
Year ended June 30, 2009	\$ 8,036	\$ -	\$ 29	\$ -	\$ -	\$ -	\$ 8,065
Year ended June 30, 2010	<u>-</u>	<u>839,198</u>	<u>2,012</u>	<u>(23,751)</u>	<u>(841,480)</u>	<u>50,399</u>	<u>26,378</u>
Total RTCIP Funds	<u>\$ 8,036</u>	<u>\$ 839,198</u>	<u>\$ 2,041</u>	<u>\$ (23,751)</u>	<u>\$ (841,480)</u>	<u>\$ 50,399</u>	<u>\$ 34,443</u>

Notes:

- (1) 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 Regional Transportation Congestion Implementation Program (RTCIP). Under the TIF program, the County collects regional residential fees for compliance with the RTCIP.
- (2) County Adjustment because Bradley project was incorrectly identified as TIF Regional project in FY 08/09. It should have been Lakeside Local project, which is not an RTCIP project.

**CITY OF DEL MAR, CALIFORNIA**

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

Year Ended June 30, 2010



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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, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$311,726. We selected \$131,218 (42.09%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:



Fiscal year 2010 apportionment	\$159,320
Less: debt service payment	<u>          -</u>
Net estimated apportionment	159,320
30% base	<u>      30%</u>
Fiscal year 2010 30% threshold	47,796
Less: fund balance per Schedule A	<u>  (1,237)</u>
Fund balance under apportionment	<u>\$ 46,559</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Total</u>
Current year local discretionary expenditures	\$557,690	\$21,500	\$579,190
Less MOE base year requirement	<u>(465,108)</u>	<u>(21,431)</u>	<u>(486,539)</u>
Excess MOE for the year ended June 30, 2010	<u>\$ 92,582</u>	<u>\$ 69</u>	<u>\$ 92,651</u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

- a. We obtained a general ledger for the RTCIP fund from the City.

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

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2010, or footnoted any restatements.

- i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: The City recorded total expenditures in the amount of \$7,447. We selected \$7,443 (99.96%) for testing. No exceptions were noted as a result of our procedures.

- v. We determined whether the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the fiscal year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

- 12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

- 13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable to the City.

- 14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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 to the City.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

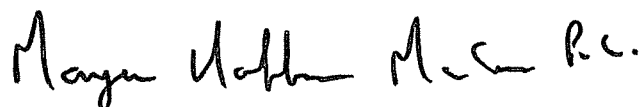
Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

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  
November 12, 2010

**CITY OF DEL MAR, CALIFORNIA**  
*TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
	<b>TransNet Extension:</b>						
	<b>Local Street Improvements:</b>						
	<b>Congestion Relief:</b>						
DM02	Local Match to Bridge Retrofit Projects	\$ 722	-	\$ 3	-	\$ -	\$ 725
DM04	Camino del Mar Major Rehabilitation	-	213,000	848	(213,726)	-	122
	<b>Total Congestion Relief</b>	<u>722</u>	<u>213,000</u>	<u>851</u>	<u>(213,726)</u>	<u>-</u>	<u>847</u>
	<b>Maintenance:</b>						
DM01	Resurfacing and Drainage Project	-	98,000	390	(98,000)	-	390
	<b>Total Maintenance</b>	<u>-</u>	<u>98,000</u>	<u>390</u>	<u>(98,000)</u>	<u>-</u>	<u>390</u>
	<b>Total Local Street Improvements</b>	<u>722</u>	<u>311,000</u>	<u>1,241</u>	<u>(311,726)</u>	<u>-</u>	<u>1,237</u>
	<b>Total TransNet Extension</b>	<u>\$ 722</u>	<u>\$ 311,000</u>	<u>\$ 1,241</u>	<u>\$ (311,726)</u>	<u>\$ -</u>	<u>\$ 1,237</u>

**CITY OF DEL MAR, CALIFORNIA**

*TransNet* Extension Activities

Cumulative Schedule of Status of Funds by Project  
Year Ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
	<b>TransNet Extension:</b>					
	<b>Local Street Improvements:</b>					
	<b>Congestion Relief:</b>					
DM02	Local Match to Bridge Retrofit Projects	\$ 722	3	\$ -	\$ -	\$ 725
DM04	Camino del Mar Major Rehabilitation	213,000	848	(213,726)	-	122
	Total Congestion Relief	213,722	851	(213,726)	-	847
	<b>Maintenance:</b>					
DM01	Resurfacing and Drainage Project	98,000	390	(98,000)	-	390
	Total Maintenance	98,000	390	(98,000)	-	390
	Total Local Street Improvements	311,722	1,241	(311,726)	-	1,237
	Total Cumulative <i>TransNet</i> Extension	\$ 311,722	\$ 1,241	\$ (311,726)	\$ -	\$ 1,237

**CITY OF DEL MAR, CALIFORNIA**  
*TransNet* Extension Activities  
 RTCIP Fund  
 Year Ended June 30, 2010

Project Name	Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Status June 30, 2010
Year ended June 30, 2009	\$ 14,148	\$ -	\$ 120	\$ -	\$ -	\$ 14,268
Year ended June 30, 2010	-	-	-	(7,447)	-	(7,447)
<b>Total RTCIP Funds</b>	<b>\$ 14,148</b>	<b>\$ -</b>	<b>\$ 120</b>	<b>\$ (7,447)</b>	<b>\$ -</b>	<b>\$ 6,821</b>

**CITY OF EL CAJON, CALIFORNIA**

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

Year Ended June 30, 2010





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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 El Cajon, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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: The City maintains separate funds for its *TransNet* revenue. No exceptions were noted as a result of our procedures.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$4,265,692. We selected \$1,354,301 (31.75%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$1,673,557
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,673,557
30% base	<u>30%</u>
Fiscal year 2010 30% threshold	502,067
Less: fund balance per Schedule A	<u>(156,355)</u>
Fund balance under apportionment	<u>\$ 345,712</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$2,562,928
Less MOE base year requirement	<u>(1,772,596)</u>
Excess MOE for fiscal year ended June 30, 2010	<u>\$ 790,332</u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

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

v. We reviewed and ensured that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the fiscal year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

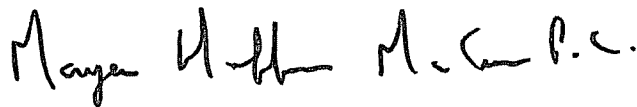
Results: No findings and recommendations were noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the fiscal year ended June 30, 2010.

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  
November 15, 2010



**CITY OF EL CAJON, CALIFORNIA**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b><i>TransNet:</i></b>								
<b>Local Streets and Roads:</b>								
EL 03	Various Overlay Projects	\$ 389,308	\$1,800,000	\$ 3,354	\$ (2,233,314)	\$ 40,652	\$ -	(c) (h)
EL 06	Signals	79,029	-	681	(170)	-	79,540	(e)
EL 11	Sidewalk	99,089	-	853	(140)	-	99,802	(e)
EL 17	Pavement Management System	229,456	-	1,977	(73,970)	(157,463)	-	(a) (c)
EL 18	Street Lights	95,798	-	825	(59,445)	-	37,178	(e)
EL 23	Traffic Signal Maintenance	-	-	-	(15,967)	20,000	4,033	(b) (c) (e)
	<b>Total Local Streets and Roads</b>	<u>892,680</u>	<u>1,800,000</u>	<u>7,690</u>	<u>(2,383,006)</u>	<u>(96,811)</u>	<u>220,553</u>	
	<b>Total <i>TransNet</i></b>	<u>\$ 892,680</u>	<u>\$1,800,000</u>	<u>\$ 7,690</u>	<u>\$ (2,383,006)</u>	<u>\$ (96,811)</u>	<u>\$ 220,553</u>	
<b><i>TransNet</i> Extension:</b>								
<b>Local Street Improvements:</b>								
<b>Congestion Relief:</b>								
EL 03	Various Overlay Projects	-	400,000	-	(848,151)	396,618	(51,533)	(c) (d) (h)
EL 18	Street Lights	-	100,000	-	-	-	100,000	
EL 19	ADA Ped Ramps	(61,159)	-	-	(69,390)	130,549	-	(a) (c) (g)
EL 22	Chase Avenue Resurfacing	-	1,300,000	-	(772,833)	(527,167)	-	(a)
	<b>Total Congestion Relief</b>	<u>(61,159)</u>	<u>1,800,000</u>	<u>-</u>	<u>(1,690,374)</u>	<u>-</u>	<u>48,467</u>	

**CITY OF EL CAJON, CALIFORNIA**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project	Funds	Interest	Project	City	Project	Notes
		Status	Received	Income	Expenditures	Adjustments	Status	
		July 1, 2009					June 30, 2010	
	Balance carried forward	\$ (61,159)	\$ 1,800,000	\$ -	\$ (1,690,374)	\$ -	\$ 48,467	
	<b>Maintenance:</b>							
EL 20	Signals - LED Replacement	\$ (96,659)	\$ -	\$ -	\$ (152)	\$ 96,811	\$ -	(c) (h)
EL 21	Street Resurfacing	(174,455)	250,000	-	(192,160)	3,950	(112,665)	(d) (f)
	Total Maintenance	(271,114)	250,000	-	(192,312)	100,761	(112,665)	
	Total <i>TransNet</i> Extension	<u>\$ (332,273)</u>	<u>\$ 2,050,000</u>	<u>\$ -</u>	<u>\$ (1,882,686)</u>	<u>\$ 100,761</u>	<u>\$ (64,198)</u>	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ 560,407</u>	<u>\$ 3,850,000</u>	<u>\$ 7,690</u>	<u>\$ (4,265,692)</u>	<u>\$ 3,950</u>	<u>\$ 156,355</u>	

Notes:

- (a) Project complete.
- (b) RTIP Amendment 08-16 indicates \$20,000 *TransNet* - L (cash).
- (c) A report was presented to City Council on October 26, 2010, to authorize a *TransNet* transfer of \$157,463 from EL 17 to EL 03 (\$40,652), EL 20 (\$96,811) and EL 23 (\$20,000). Additionally, *TransNet* Extension transfers were authorized in the amount of \$527,167 from EL 22 to EL 03 (\$396,618) and EL 19 (\$130,549).
- (d) The City will request a draw in FY 2011 to remove this deficit.
- (e) RTIP Amendment approved by City Council Resolution on Agenda item 3.2 on December 14, 2010.
- (f) Adjustment for EL 21 is reimbursement for paving the final capping on trenches for Padre Dam Municipal Water District.
- (g) Project deleted in 2008 RTIP; transferred funds from another project to complete.
- (h) RTIP Amendment to be presented to City Council for approval on March 8, 2011.

**CITY OF EL CAJON, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>						
<b>Local Street Improvements:</b>						
<b>Congestion Relief:</b>						
EL 03	Various Overlay Projects	400,000	-	(848,151)	396,618	(51,533)
EL 18	Street Lights	100,000	-	-	-	100,000
EL 19	ADA Ped Ramps	-	-	(130,549)	130,549	-
EL 22	Chase Avenue Resurfacing	1,300,000	-	(772,833)	(527,167)	-
	<b>Total Congestion Relief</b>	<u>1,800,000</u>	<u>-</u>	<u>(1,751,533)</u>	<u>-</u>	<u>48,467</u>
<b>Maintenance:</b>						
EL 20	Signals - LED Replacement	\$ -	\$ -	\$ (96,811)	\$ 96,811	\$ -
EL 21	Street Resurfacing	250,000	-	(366,615)	3,950	(112,665)
	<b>Total Maintenance</b>	<u>250,000</u>	<u>-</u>	<u>(463,426)</u>	<u>100,761</u>	<u>(112,665)</u>
	<b>Total Cumulative <i>TransNet</i> Extension</b>	<u>\$ 2,050,000</u>	<u>\$ -</u>	<u>\$ (2,214,959)</u>	<u>\$ 100,761</u>	<u>\$ (64,198)</u>

CITY OF EL CAJON, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2010

<u>Project Name</u>	<u>Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Status June 30, 2010</u>
Year ended June 30, 2009	\$ 2,049	\$ -	\$ 35	\$ -	\$ -	\$ 2,084
Year ended June 30, 2010	<u>-</u>	<u>89,760</u>	<u>1,553</u>	<u>-</u>	<u>-</u>	<u>91,313</u>
Total RTCIP Funds	<u>\$ 2,049</u>	<u>\$ 89,760</u>	<u>\$ 1,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,397</u>

**CITY OF ENCINITAS, CALIFORNIA**

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

Year Ended June 30, 2010



**Mayer Hoffman McCann P.C.**

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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, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$1,942,190. We selected \$566,440 (29.17%) 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 whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$1,201,844
Less: debt service payment	<u>          -</u>
Net estimated apportionment	1,201,844
30% base	<u>          30%</u>
Fiscal year 2010 30% threshold	360,553
Less: fund balance per Schedule A	<u>(335,335)</u>
Fund balance under apportionment	\$ <u>25,218</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Total</u>
Current year local discretionary expenditures	\$2,983,335	\$10,372	\$2,993,707
Less MOE base year requirement	<u>(2,103,079)</u>	<u>(58)</u>	<u>(2,103,137)</u>
Excess MOE for the year ended June 30, 2010	\$ <u>880,256</u>	\$ <u>10,314</u>	\$ <u>890,570</u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

- a. We obtained a general ledger for the RTCIP fund from the City.

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

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

- i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

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

- v. We reviewed and ensured that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension

Ordinance. Inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the fiscal year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

c. Results: These procedures are not applicable for the City.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has been resolved.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

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  
November 18, 2010

**CITY OF ENCINITAS, CALIFORNIA**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
ENC 14A	CMS08B	Encinitas Blvd pavement overlay	\$ (47,662)	\$ -	\$ -	\$ -	\$ -	\$ (47,662)	
ENC 14A	CMS09A	FY 08/09 annual street overlay	<u>458,893</u>	<u>-</u>	<u>2,257</u>	<u>(413,488)</u>	<u>-</u>	<u>47,662</u>	
		Total ENC 14A projects	<u>411,231</u>	<u>-</u>	<u>2,257</u>	<u>(413,488)</u>	<u>-</u>	<u>-</u>	(a)
ENC 17	CMS01E	Safe route to schools - phase 2	346,040	-	1,702	(191,969)	(155,773)	-	(b)
ENC 17	CMS08G	Paul Ecke Central Elementary School	<u>(8,477)</u>	<u>-</u>	<u>-</u>	<u>(147,296)</u>	<u>155,773</u>	<u>-</u>	(b)(c)
		Total ENC 17 Projects	<u>337,563</u>	<u>-</u>	<u>1,702</u>	<u>(339,265)</u>	<u>-</u>	<u>-</u>	
ENC 42	CMS09B	Pavement management plan	<u>81,640</u>	<u>-</u>	<u>401</u>	<u>(54,290)</u>	<u>-</u>	<u>27,751</u>	(d)
		Total Local Streets and Roads	<u>830,434</u>	<u>-</u>	<u>4,360</u>	<u>(807,043)</u>	<u>-</u>	<u>27,751</u>	
		Total <i>TransNet</i>	<u>\$ 830,434</u>	<u>\$ -</u>	<u>\$ 4,360</u>	<u>\$ (807,043)</u>	<u>\$ -</u>	<u>\$ 27,751</u>	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
ENC 14A	CMS10A	FY 09/10 Annual Street Overlay	\$ -	\$ 444,000	\$ -	\$ (441,511)	\$ -	2,489	

**CITY OF ENCINITAS, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
		Balance carried forward	\$ -	\$ 444,000	\$ -	\$ (441,511)	\$ -	\$ 2,489	
ENC 17	CMS10D	Regal Road	-	-	-	(41,089)	-	(41,089)	
ENC 17	CMS08G	Paul Ecke Central Elementary School	-	-	-	(38,057)	-	(38,057)	(c)
		Total ENC 17 Projects	-	-	-	(79,146)	-	(79,146)	(e)
ENC 20	CMS04D	No. Coast Hwy 101 streetscape	77,522	120,000	381	(143,641)	-	54,262	
ENC 40	CMS00D	Leucadia Blvd improvements W/I-5	(177,102)	177,102	-	-	-	-	(a)
ENC 44	CMS09E	Encinitas/NCTD transit parking lot	-	640,000	-	(426,685)	-	213,315	
V02	CMS01J	Coastal rail trails	-	-	-	(6,530)	6,530	-	(f)
		Total Congestion Relief	(99,580)	1,381,102	381	(1,097,513)	6,530	190,920	
		<b>Maintenance:</b>							
ENC 19	CMS02F	Traffic safety and calming	(8,566)	150,000	-	(154)	-	141,280	
ENC 19	CMS07C	ENTMP-1 Rubenstein/Summit/West	(78,174)	-	-	-	-	(78,174)	
		Subtotal ENC 19 Projects	(86,740)	150,000	-	(154)	-	63,106	
ENC 28	CMS02G	Traffic signal modification	(2,432)	100,000	-	(37,480)	(6,530)	53,558	(f)
		Total Maintenance	(89,172)	250,000	-	(37,634)	(6,530)	116,664	
		Total <i>TransNet</i> Extension	\$ (188,752)	\$ 1,631,102	\$ 381	\$ (1,135,147)	\$ -	\$ 307,584	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 641,682	\$ 1,631,102	\$ 4,741	\$ (1,942,190)	\$ -	\$ 335,335	

**CITY OF ENCINITAS, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
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Notes:

- (a) Completed as of June 30, 2010.
- (b) Excess funds transferred from project CMS01E to CMS08G.
- (c) After FY 2010 was closed, it was discovered that \$21,150 of expenditures were incorrectly posted to this project. These expenditures will be reclassified to another project and funded in July 2010. After the reclassification, the amount of overage is \$57,996. The cash on hand was expended and the RTIP amount from FY 2010 was not requested. The City will request a draw in FY 2011.
- (d) This project is marked as complete on the RTIP as the City has received all of the funding programmed in the RTIP. There will be expenditures incurred in FY 2011 and the remaining funds will be used.
- (e) Funding will be requested in FY 2011 to remove the deficit.
- (f) Adjustment was for the transfer of cash to cover expenditures on another project. Authorization for the transfer was contained in a Staff Report dated September 8, 2010, Agenda Item #7.



**CITY OF ENCINITAS, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
ENC 14A	CMS10A	FY 09/10 Annual Street Overlay	\$ 444,000	\$ -	\$ (441,511)	\$ -	\$ 2,489
ENC 17	CMS10D	Regal Road	-	-	(41,089)	-	(41,089)
ENC 17	CMS08G	Paul Ecke Central Elementary School	-	-	(38,057)	-	(38,057)
Subtotal ENC 17 Projects			-	-	(79,146)	-	(79,146)
ENC 20	CMS04D	No. Coast Hwy 101 streetscape	320,000	381	(266,119)	-	54,262
ENC 40	CMS00D	Leucadia Blvd improvements W/I-5	177,102	-	(177,102)	-	-
ENC 44	CMS09E	Encinitas/NCTD transit parking lot	640,000	-	(472,185)	45,500	213,315
V02	CMS01J	Coastal rail trails	-	-	(6,530)	6,530	-
Total Congestion Relief			1,581,102	381	(1,442,593)	52,030	190,920
<b>Maintenance:</b>							
ENC 19	CMS02F	Traffic safety and calming	150,000	-	(8,720)	-	141,280
ENC 19	CMS07C	ENTMP-1 Rubenstein/Summit/West	-	-	(78,174)	-	(78,174)
Subtotal ENC 19 Projects			150,000	-	(86,894)	-	63,106
ENC 28	CMS02G	Traffic signal modification	100,000	-	(37,480)	(8,962)	53,558
Total Maintenance			250,000	-	(124,374)	(8,962)	116,664
Total Cumulative <i>TransNet</i> Extension			\$ 1,831,102	\$ 381	\$ (1,566,967)	\$ 43,068	\$ 307,584

**CITY OF ENCINITAS, CALIFORNIA**

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2010

Project Name	Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Status June 30, 2010
Year ended June 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year ended June 30, 2010	-	34,680	91	-	-	34,771
Total RTCIP Funds	<u>\$ -</u>	<u>\$ 34,680</u>	<u>\$ 91</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,771</u>

**CITY OF ESCONDIDO, CALIFORNIA**

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

Year Ended June 30, 2010



**Mayer Hoffman McCann P.C.**

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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 Escondido, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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: The City maintains separate funds for its *TransNet* revenue. No exceptions were noted as a result of our procedures.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$3,132,567. We selected \$1,656,603 (52.88%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is not in compliance with the 30% requirement. The fund balance over the apportionment is as follows. See Finding Number 1 in the Findings and Recommendations section of this report.

Fiscal year 2010 apportionment	\$2,451,142
Less: debt service payment	<u>          -</u>
Net estimated apportionment	2,451,142
30% base	<u>          30%</u>
Fiscal year 2010 30% threshold	735,343
Less: fund balance per Schedule A	<u>(2,088,282)</u>
Fund balance over apportionment	<u>\$(1,352,939)</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$5,544,966
Less MOE base year requirement	<u>(3,200,668)</u>
Excess MOE for the year ended June 30, 2010	<u>\$2,344,298</u>

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

Results: This procedure is not applicable for the City.



11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not record any RTCIP expenditures for the year ended June 30, 2010.

v. We determined whether the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has not yet been resolved. See Finding Number 1 in the Findings and Recommendations section of this report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

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

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.A.P.C.*

Irvine, California  
November 1, 2010

# CITY OF ESCONDIDO, CALIFORNIA

Report on Agreed-Upon Procedures  
Applied to the TransNet Fund

Findings and Recommendations

Year Ended June 30, 2010

## (1) **Need to Use Remaining Balance Before Requesting Future Funding**

As of June 30, 2010, the ending fund balance of the *TransNet* funds of the City of Escondido (City) was \$2,088,282, which exceeded 30% of its annual apportionment. This condition was previously reported in the prior year.

Board Policy 031, Rule #17, paragraph IV states, in part:

“...an agency that maintains a balance of more than 30 percent of its annual apportionment (after debt service payments) must use the remaining balance to fund projects. SANDAG will defer payment until the recipient agency’s Director of Finance, or equivalent, submits to SANDAG a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined.

### **Recommendation**

We recommend that the City exhaust the excess cash balance as expediently as possible. SANDAG is unable to advance additional funds until such time that the Director of Finance of the City certifies compliance with this Rule.

### **Management Response**

In previous years it has been the City of Escondido’s practice regarding *TransNet* projects to predict cash-flows with sufficient funding from SANDAG to fully cover construction costs prior to advertising the projects for bidding. This practice thereby created an excess fund balance. Beginning in fiscal year 2008 the City stopped this former practice and is now not requesting draw-downs until we meet the required fund balance threshold. The City will be in compliance with Policy 31, Rule 17, in the future.

**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	CIP Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
ESC03	690239	Citracado Pkwy/Don Lee to Quail Hill	\$ 1,119,645	\$ -	\$ 12,497	\$ (1,132,142)	\$ -	\$ -	
ESC05	690319	El Norte Pkwy/La Honda to Washington Ave	49,991	-	-	(629)	(49,362)	-	(b)
ESC05	696701	El Norte Pkwy/Costs of Sale of Property	(1,107)	-	-	-	1,107	-	(b)
ESC05	690129	El Norte Pkwy/Conway to Midway	16,116	-	-	-	(16,116)	-	(b)
		Total ESC05 Projects	65,000	-	-	(629)	(64,371)	-	
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	1,837,861	-	20,513	(73,299)	-	1,785,075	
ESC08	690309	Felecita & Juniper/Escondido to Chestnut	339,200	-	3,786	(8,991)	-	333,995	
ESC13	690329	SR78 Bridge Widening at Nordahl	896,705	-	10,008	(366,671)	-	540,042	
ESC17	697401	Neighborhood Projects	17,883	-	200	-	-	18,083	
ESC23	691703	Valley/Maple & 2nd/Maple Traffic	426,898	-	4,765	-	(200,000)	231,663	(c)
ESC24	690029	Centre City/Highway 78 to Mission Ave	1,470,219	-	16,410	(14,699)	-	1,471,930	
ESC25	690039	Citracado & Nordahl at Mission	285,386	-	-	-	(285,386)	-	(b)
		Subtotal Local Streets and Roads	6,458,797	-	68,179	(1,596,431)	(549,757)	4,380,788	

**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	CIP Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
		Balance carried forward	\$ 6,458,797	\$ -	\$ 68,179	\$ (1,596,431)	\$ (549,757)	\$ 4,380,788	
ESC29	691704	Citracado/Interstate 15 to West Valley	615,246	-	6,867	(497)	-	621,616	(d)
		Total Local Streets and Roads	7,074,043	-	75,046	(1,596,928)	(549,757)	5,002,404	
		Total <i>TransNet</i>	\$ 7,074,043	\$ -	\$ 75,046	\$ (1,596,928)	\$ (549,757)	\$ 5,002,404	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
ESC02A	690219	Bear Valley/East Valley/Valley Center	\$ (1,443,186)	\$ -	\$ -	\$ (7,517)	\$ -	\$ (1,450,703)	(a)
ESC03	690239	Citracado Pkwy/Don Lee to Quail Hill	-	-	-	(968,160)	-	(968,160)	(a)
		Total Congestion Relief	(1,443,186)	-	-	(975,677)	-	(2,418,863)	
<b>Maintenance:</b>									
ESC11	697402	Street Maintenance	-	-	-	(223,706)	-	(223,706)	(a)
ESC11	697001	Street Maintenance - ARRA	-	-	-	(298,607)	-	(298,607)	(a)
ESC11	697903	Street Maintenance	(92,179)	-	-	(12,899)	-	(105,078)	(a)
ESC11	967903	El Norte Parkway-Street Rehabilitation	(16,782)	-	-	-	-	(16,782)	(a)
		Total ESC11 Project	(108,961)	-	-	(535,212)	-	(644,173)	
		Total Maintenance	(108,961)	-	-	(535,212)	-	(644,173)	
		Total Local Street Improvements	(1,552,147)	-	-	(1,510,889)	-	(3,063,036)	

**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	CIP Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>Bikes and Pedestrian:</b>									
ESC20	690339	Ash Street Undercrossing Study	\$ (62,668)	\$ -	\$ -	\$ (1,649)	\$ -	\$ (64,317)	(a)
ESC21	698501	Master Plan-Bicycle Facilities	23,693	-	264	(10,726)	-	13,231	
ESC27	694101	Maple Street Pedestrian Plaza	-	-	-	-	200,000	200,000	(c)
Total Bikes and Pedestrian			<u>(38,975)</u>	<u>-</u>	<u>264</u>	<u>(12,375)</u>	<u>200,000</u>	<u>148,914</u>	
Total <i>TransNet</i> Extension			<u>\$ (1,591,122)</u>	<u>\$ -</u>	<u>\$ 264</u>	<u>\$ (1,523,264)</u>	<u>\$ 200,000</u>	<u>\$ (2,914,122)</u>	
Total <i>TransNet</i> and <i>TransNet</i> Extension			<u>\$ 5,482,921</u>	<u>\$ -</u>	<u>\$ 75,310</u>	<u>\$ (3,120,192)</u>	<u>\$ (349,757)</u>	<u>\$ 2,088,282</u>	
<b>Non-TransNet:</b>									
GASB 31 Adjustment			\$ 162,483	\$ -	\$ (162,483)	\$ -	\$ -	\$ -	
US Department of Transportation Grant			<u>721,341</u>	<u>(1,662)</u>	<u>-</u>	<u>(743,965)</u>	<u>745,590</u>	<u>721,304</u>	
Total Non- <i>TransNet</i>			<u>\$ 883,824</u>	<u>\$ (1,662)</u>	<u>\$ (162,483)</u>	<u>\$ (743,965)</u>	<u>\$ 745,590</u>	<u>\$ 721,304</u>	
Total <i>TransNet</i> , <i>TransNet</i> Extension and Non- <i>TransNet</i>			<u>\$ 6,366,745</u>	<u>\$ (1,662)</u>	<u>\$ (87,173)</u>	<u>\$ (3,864,157)</u>	<u>\$ 395,833</u>	<u>\$ 2,809,586</u>	

**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	CIP Number	Project Name	Project	Funds	Interest	Project	City	Project	Notes
			Status	Received	Income	Expenditures	Adjustments	Status	
			July 1, 2009					June 30, 2010	

Notes:

- (a) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 2010. Additional funding will be requested once the City is in compliance with the 30% Rule.
- (b) Project completed and closed in FY 2010. The remaining balance will be reprogrammed to other eligible projects in the July 2011 RTIP amendment as part of the City's annual Capital Improvement Project budget process.
- (c) Funds transferred to Maple Street Pedestrian Plaza, a companion project being developed at the same time. City Council adopted a Resolution on June 16, 2010, approving the transfer. The funds transferred from ESC23 to ESC27 will be included in the July 2011 RTIP amendment as part of the City's annual Capital Improvement Project budget process. ESC23 is currently in the design phase with an anticipated completion date in calendar year 2012.
- (d) ESC29 is an ongoing project. Expenditure activity is expected to increase in FY 2011.



**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

<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, 2010</u>
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
ESC02A	690219	Bear Valley/East Valley/Valley Center	\$ (1,443,186)	\$ -	\$ (7,517)	\$ -	\$ (1,450,703)
ESC03	690239	Citracado Pkwy/Don Lee to Quail Hill	-	-	(968,160)	-	(968,160)
Total Congestion Relief			<u>(1,443,186)</u>	<u>-</u>	<u>(975,677)</u>	<u>-</u>	<u>(2,418,863)</u>
<b>Maintenance:</b>							
ESC11	697402	Street Maintenance	-	-	(223,706)	-	(223,706)
ESC11	697001	Street Maintenance - ARRA	-	-	(298,607)	-	(298,607)
ESC11	697903	Street Maintenance	-	-	(105,078)	-	(105,078)
ESC11	697903	El Norte Parkway-Street Rehabilitation	-	-	(16,782)	-	(16,782)
Total ESC11 Project			<u>-</u>	<u>-</u>	<u>(644,173)</u>	<u>-</u>	<u>(644,173)</u>
Total Maintenance			<u>(1,443,186)</u>	<u>-</u>	<u>(1,619,850)</u>	<u>-</u>	<u>(3,063,036)</u>
Total Local Street Improvements			<u>(1,443,186)</u>	<u>-</u>	<u>(1,619,850)</u>	<u>-</u>	<u>(3,063,036)</u>
<b>Bikes and Pedestrian:</b>							
ESC20	690339	Ash Street Undercrossing Study	-	-	(94,317)	30,000	(64,317)
ESC21	698501	Master Plan-Bicycle Facilities	36,628	264	(23,661)	-	13,231
ESC27	694101	Maple Street Pedestrian Plaza	-	-	-	200,000	200,000
Total Bikes and Pedestrian			<u>36,628</u>	<u>264</u>	<u>(117,978)</u>	<u>230,000</u>	<u>148,914</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ (1,406,558)</u>	<u>\$ 264</u>	<u>\$ (1,737,828)</u>	<u>\$ 230,000</u>	<u>\$ (2,914,122)</u>

**CITY OF ESCONDIDO, CALIFORNIA**  
*TransNet* Extension Activities  
 RTCIP Fund  
 Year Ended June 30, 2010

<u>Project Name</u>	<u>Project Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2010</u>
Year ended June 30, 2009	\$ 18,000	\$ -	\$ 872	\$ -	\$ -	\$ 18,872
Year ended June 30, 2010	<u>-</u>	<u>63,120</u>	<u>1,868</u>	<u>-</u>	<u>-</u>	<u>64,988</u>
Total RTCIP Funds	<u>\$ 18,000</u>	<u>\$ 63,120</u>	<u>\$ 2,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,860</u>

**CITY OF IMPERIAL BEACH, CALIFORNIA**

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

Year Ended June 30, 2010



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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 Imperial Beach, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.

- 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$381,648. We selected \$100,690 (26.38%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$521,301
Less: debt service payment	<u>          -</u>
Net estimated apportionment	521,301
30% base	<u>      30%</u>
Fiscal year 2010 30% threshold	156,390
Less: fund balance per Schedule A	<u>(79,855)</u>
Fund balance under apportionment	<u>\$ 76,535</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- We obtained the current MOE requirements for each recipient agency from SANDAG.
  - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which is equal to the amount of discretionary funds expended for the Local Street Improvement program less the MOE base amount.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$283,836
Less MOE base year requirement	<u>(275,051)</u>
Excess MOE for fiscal year ended June 30, 2010	<u>\$ 8,785</u>

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

Results: This procedure is not applicable for the City.



11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

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

v. We reviewed and ensured that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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 is not applicable for the City.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

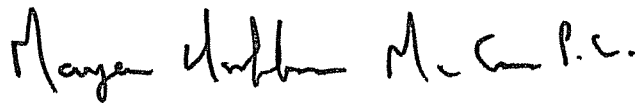
Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has been resolved.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings for the year ended June 30, 2010.

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  
November 8, 2010

CITY OF IMPERIAL BEACH, CALIFORNIA

TransNet and TransNet Extension Activities

Schedule of Status of Funds by Project

Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>								
<b>Local Streets and Roads:</b>								
IB03	Street Maintenance and Improvements	\$ 262,097	\$ -	\$ -	\$ -	\$ (262,097)	\$ -	(a)
IB08	So. Seacoast Resurface	92,139	-	-	-	(92,139)	-	(a)
	Total Local Streets and Roads	354,236	-	-	-	(354,236)	-	
	Total TransNet	\$ 354,236	\$ -	\$ -	\$ -	\$ (354,236)	\$ -	
<b>TransNet Extension:</b>								
<b>Local Street Improvements:</b>								
<b>Congestion Relief:</b>								
IB12	Major Street Improvements	\$ 183,666	\$ -	\$ 4,078	\$ (90,543)	\$ 354,236	451,437	(a)
	Total Congestion Relief	183,666	-	4,078	(90,543)	354,236	451,437	
<b>Maintenance:</b>								
IB02	Street Maintenance - Operations	(80,477)	-	-	(291,105)	-	(371,582)	(b)
	Total Maintenance	(80,477)	-	-	(291,105)	-	(371,582)	
	Total TransNet Extension	\$ 103,189	\$ -	\$ 4,078	\$ (381,648)	\$ 354,236	\$ 79,855	
	Total TransNet and TransNet Extension	\$ 457,425	\$ -	\$ 4,078	\$ (381,648)	\$ -	\$ 79,855	

**CITY OF IMPERIAL BEACH, CALIFORNIA**

*TransNet and TransNet Extension Activities*

Schedule of Status of Funds by Project

Year Ended June 30, 2010

<u>MPO ID</u>	<u>Project Name</u>	<u>Project Status</u> July 1, 2009	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status</u> June 30, 2010	<u>Notes</u>
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Notes:

- (a) On May 19, 2010, the City Council adopted Resolution 2010-6887 approving the transfer of funds of \$262,097 from IB03 to IB12, and the transfer of \$92,139 from IB08 to IB12. These transfers were also approved by the SANDAG Board of Directors on September 24, 2010, as part of the 2010 RTIP.
- (b) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 2010. Additional funding will be requested during FY 2011 now that the City is in compliance with the 30% Rule.

**CITY OF IMPERIAL BEACH, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

<u>MPO ID</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, 2010</u>
<b>TransNet Extension:</b>						
<b>Local Street Improvements:</b>						
<b>Congestion Relief:</b>						
IB12	Major Street Improvements	\$ 250,094	\$ 9,417	\$ (362,310)	\$ 554,236	\$ 451,437
	Total Congestion Relief	<u>250,094</u>	<u>9,417</u>	<u>(362,310)</u>	<u>554,236</u>	<u>451,437</u>
<b>Maintenance:</b>						
IB02	Street Maintenance - Operations	<u>107,145</u>	<u>-</u>	<u>(478,727)</u>	<u>-</u>	<u>(371,582)</u>
	Total Maintenance	<u>107,145</u>	<u>-</u>	<u>(478,727)</u>	<u>-</u>	<u>(371,582)</u>
	Total Cumulative <i>TransNet</i> Extension	<u>\$ 357,239</u>	<u>\$ 9,417</u>	<u>\$ (841,037)</u>	<u>\$ 554,236</u>	<u>\$ 79,855</u>

CITY OF IMPERIAL BEACH, CALIFORNIA  
*TransNet* Extension Activities  
 RTCIP  
 Year Ended June 30, 2010

<u>Project Name</u>	<u>Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Status June 30, 2010</u>
Year ended June 30, 2009	\$ 4,108	\$ -	\$ 27	\$ -	\$ -	\$ 4,135
Year ended June 30, 2010	<u>-</u>	<u>8,160</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>8,216</u>
Total RTCIP Funds	<u>\$ 4,108</u>	<u>\$ 8,160</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,351</u>

**INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

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

Year Ended June 30, 2010





**Mayer Hoffman McCann P.C.**

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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, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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 12 of this report for ITOC.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.
  - 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.
  - b. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.
  - c. We identified the interest income reported for the year ended June 30, 2010.
    - i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.
    - ii. We ensured that interest is applied to each active project that carries a positive beginning balance.
    - iii. We reviewed the interest allocation methodology for reasonableness.
  - d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.
    - i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.
    - ii. We selected individual expenditures for testing that comprised 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 whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

- e. We determined that any amounts reported in the “adjustments” column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.
- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.
- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.
- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: These procedures are not applicable for ITOC.

- 6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.
  - a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

Results: This procedure is not applicable for ITOC.

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

Results: This procedure is not applicable for ITOC.

8. 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.

Results: This procedure is not applicable for ITOC.

9. We reviewed the maintenance of effort (MOE) requirement for the ITOC.

Results: This procedure is not applicable for ITOC.

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

Results: This procedure is not applicable for ITOC.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) for the year ended June 30, 2010 from SANDAG.

- a. We obtained a general ledger for the RTCIP fund from the ITOC.
- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the ITOC.
- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the ITOC. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.
  - i. We determined that the ITOC is using the most current approved fee amount.
  - ii. We inquired of management as to whether procedures are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.
- v. We determined whether the ITOC provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.
- vi. We identified interest income for the fiscal year ended June 30, 2010 and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

Results: These procedures are not applicable as the RTCIP does not apply to ITOC.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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 \$126,063. We selected \$41,631 (33.02%) for testing. No exceptions were noted as a result of our procedures.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for ITOC.

14. For SANDAG only, we performed the following additional procedures:
- 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.
  - We reviewed the fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

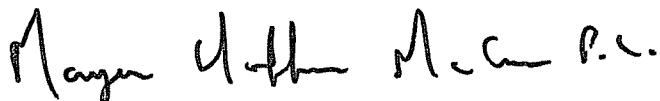
Results: No findings and recommendations were noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the ITOC's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the fiscal year ended June 30, 2010.

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  
November 30, 2010

**INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

*TransNet* Extension Activities  
 Schedule of Status of Funds  
 Year Ended June 30, 2010

Project Name	Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	Committee Adjustments	Status June 30, 2010
<b>TransNet Extension:</b>						
Independent Taxpayer Oversight Committee	\$ 63,857	\$ 335,309	\$ 1,031	\$ (126,063)	\$ -	\$ 274,134
Total ITOC	63,857	335,309	1,031	(126,063)	-	274,134
Total <i>TransNet</i> Extension	\$ 63,857	\$ 335,309	\$ 1,031	\$ (126,063)	\$ -	\$ 274,134

**INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds  
 Year Ended June 30, 2010

Project Name	Funds Received	Interest Income	Project Expenditures	Committee Adjustments	Status June 30, 2010
<b><i>TransNet</i> Extension:</b>					
Independent Taxpayer Oversight Committee	\$ 659,239	\$ 1,715	\$ (386,820)	\$ -	\$ 274,134
Total ITOC	659,239	1,715	(386,820)	-	274,134
Total Cumulative <i>TransNet</i> Extension	\$ 659,239	\$ 1,715	\$ (386,820)	\$ -	\$ 274,134



**CITY OF LA MESA, CALIFORNIA**

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

Year Ended June 30, 2010



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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 La Mesa, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance the for year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

Results: The City allocated interest to all MPO IDs with a net positive beginning balance, with the exception of LAM 17. See Finding Number 1 in the Findings and Recommendations section of this report.

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$987,797. We selected \$848,988 (85.95%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$1,091,113
Less: debt service payment	<u>          -</u>
Net estimated apportionment	1,091,113
30% base	<u>          30%</u>
Fiscal year 2010 30% threshold	327,334
Less: fund balance per Schedule A	<u>(106,855)</u>
Fund balance under apportionment	<u>\$ 220,479</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$2,815,965
Less MOE base year requirement	<u>(1,931,914)</u>
Excess MOE for fiscal year ended June 30, 2010	<u>\$ 884,051</u>

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

Results: This procedure did not apply to the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the fiscal year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

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

v. We reviewed and ensured that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the fiscal year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

Results: The City did not allocate interest to RTCIP projects. See Finding Number 2 in the Findings and Recommendations section of this report.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable to the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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 to the City.



15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

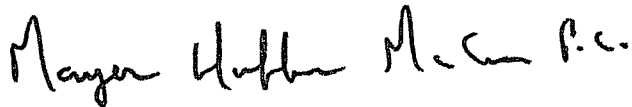
Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

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

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  
November 12, 2010

# CITY OF LA MESA, CALIFORNIA

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

### Findings and Recommendations

Year Ended June 30, 2010

(1) **Need to Apply Allocated Interest to Projects that Carry a Positive Beginning Balance**

The City of La Mesa (City) did not allocate interest to an active project that had a net beginning cash balance within the *TransNet* Fund. This project, LAM 17, had a positive beginning balance of \$23,254, yet no interest was allocated to it.

**Recommendation**

We recommend that the City allocate interest to all active projects that carry a positive beginning balance as required by Rule #6 of Board Policy No. 031.

**Management Response**

The City of La Mesa concurs with the auditor's finding and recommendation that interest be allocated to all active projects that carry a positive beginning balance as required by Rule #6 of Board Policy No. 031. In the future, the City will ensure that interest is allocated to all active projects with a positive balance.

(2) **Need to Allocate Interest to RTCIP Funds**

The City did not allocate interest to RTCIP funds during the year ended June 30, 2010. At July 1, 2009, the City had \$2,020 in RTCIP funds and received no additional amounts nor spent any amounts during the year, yet no interest was allocated to the funds.

Board Policy No. 031, Rule #6 states, in part:

"...Interest accrued should be applied to each active project that carries an outstanding balance..."

**Recommendation**

We recommend that the City allocate interest to all active projects that carry a positive beginning balance as required by Rule #6 of Board Policy No. 031.

**CITY OF LA MESA, CALIFORNIA**

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

Findings and Recommendations

(Continued)

(2) **Need to Allocate Interest to RTCIP Funds (Continued)**

**Management Response**

The City of La Mesa concurs with the auditor's finding and recommendation that interest be allocated to all active projects that carry a positive beginning balance as required by Rule #6 of Board Policy No. 031. In the future, the City will ensure that interest is allocated to all active projects with a positive balance.

**CITY OF LA MESA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	CIP Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
LAM05	302052TR	Traffic Signal Improvement 05	\$ 22,502	\$ -	\$ 113	\$ -	\$ -	\$ 22,615	
LAM09	302041TR	Curb, Gutter, Sidewalk Replacement 04	3,792	-	19	-	-	3,811	(a)
LAM10	302046TR	Street Surfacing 04	48,027	-	253	-	-	48,280	
LAM10	302054TR	Street Surfacing 05	2,635	-	-	-	-	2,635	
Total LAM10 Projects			50,662	-	253	-	-	50,915	
LAM11	302036TR	Jackson and La Mesa Blvd St Light Utility	18,825	-	-	(1,050)	-	17,775	
LAM11	302057TR	Street Lights - Overhead Undergrounding	52,420	-	352	(80)	-	52,692	
Total LAM11 Projects			71,245	-	352	(1,130)	-	70,467	
LAM12	302035TR	Pavement Management System - Update	328	-	-	-	-	328	
LAM12	302056TR	Pavement Management Program 05	16,673	-	85	-	-	16,758	
Total LAM12 Projects			17,001	-	85	-	-	17,086	
LAM13	302042TR	S/W Pedestrian Ramp Inventory	53,935	-	270	-	-	54,205	(a)
LAM14	302061TR	Traffic Calming Program	201	-	-	-	-	201	
LAM14	302053TR	Traffic Calming Program 05	640	-	4	-	-	644	
Total LAM14 Projects			841	-	4	-	-	845	
Subtotal Local Streets and Roads			219,978	-	1,096	(1,130)	-	219,944	

**CITY OF LA MESA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	CIP Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
		Balance carried forward	\$ 219,978	\$ -	\$ 1,096	\$ (1,130)	\$ -	\$ 219,944	
LAM17	302061TR	Street Surfacing 06	119,221	-	-	(34,252)	-	84,969	
LAM17	302072TR	Street Surfacing 07	(84,056)	95,229	-	(11,173)	-	-	
LAM17	302081TR	Street Surfacing 08	(12,309)	299,771	-	(18,484)	-	268,978	
LAM17	302100TR	Street Surfacing 10	-	-	-	(15,319)	-	(15,319)	(b)
		Total LAM17 Projects	22,856	395,000	-	(79,228)	-	338,628	
LAM18	General Fund	Street Maintenance	(34,164)	34,164	-	-	-	-	
LAM19	302062TR	Pavement Management Program 06	1,115	-	-	-	-	1,115	
LAM19	302073TR	Pavement Management Program 07	(7,557)	-	-	(6,160)	-	(13,717)	(b)
LAM19	302082TR	Pavement Management Program 08	-	-	-	(14,735)	-	(14,735)	(b)
		Total LAM19 Projects	(6,442)	-	-	(20,895)	-	(27,337)	
LAM20	302074TR	Curb, Gutter, S/W RPL 07	(691)	8,336	-	(3,427)	-	4,218	
LAM20	302083TR	Curb, Gutter, S/W RPL 08	(99,500)	-	-	(500)	-	(100,000)	(b)
		Total LAM20 Projects	(100,191)	8,336	-	(3,927)	-	(95,782)	
LAM21	302064TR	Street Lights - Overhead Undergrounding 06	68,959	-	346	-	-	69,305	(c)
LAM22	302065TR	Traffic Signal Improvement 06	136,492	-	121	(112,109)	(159)	24,345	
LAM22	302076TR	Traffic Signal Improvement 07	(159)	-	-	-	159	-	
		Total LAM22 Projects	136,333	-	121	(112,109)	-	24,345	
LAM25	302062TR	Traffic Calming Program 07	-	-	-	(19,138)	19,138	-	
LAM25	302082TR	Traffic Calming Program 08	25,180	8,336	30	-	(19,138)	14,408	
		Total LAM25 Projects	25,180	8,336	30	(19,138)	-	14,408	
		Total Local Streets and Roads	332,509	445,836	1,593	(236,427)	-	543,511	
		Total TransNet	\$ 332,509	\$ 445,836	\$ 1,593	\$ (236,427)	\$ -	\$ 543,511	

**CITY OF LA MESA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	CIP Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
LAM17	302091TR	Commercial - Paper St Resurfacing	\$ 398	\$ 66,664	\$ -	\$ -	\$ -	\$ 67,062	
LAM21	302094TR	St Lights - Overhead Util Underground 09	-	18,337	-	-	-	18,337	
LAM24	304040TR	Roadway Drainage Improvements 09	51,828	274,997	-	(137,577)	-	189,248	
LAM24	304080TR	Roadway Drainage Improvements 10	-	-	-	(237,151)	-	(237,151)	(b)
LAM24	304040TR	Storm Drain Assessment & Replacement 04	-	-	-	(2,130)	2,130	-	
LAM24	304080TR	Storm Drain Assessment & Replacement 08	(51,123)	-	-	-	(2,130)	(53,253)	
Total LAM24 Projects			705	274,997	-	(376,858)	-	(101,156)	
Total Congestion Relief			1,103	359,998	-	(376,858)	-	(15,757)	
<b>Maintenance:</b>									
LAM18	General Fund	Street Maintenance (LSI)	(170,000)	113,328	-	-	56,672	-	
LAM18	General Fund	Street Maintenance	(61,609)	-	-	(170,000)	(56,672)	(288,281)	(b)
Total LAM 18 Projects			(231,609)	113,328	-	(170,000)	-	(288,281)	
LAM19	302092TR	Update Pavement Management Prgm 09	-	3,336	-	-	-	3,336	
Subtotal Maintenance			(231,609)	116,664	-	(170,000)	-	(284,945)	

**CITY OF LA MESA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	CIP Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2009	Received	Income	Expenditures	Adjustments	June 30, 2010	
		Balance carried forward	\$ (231,609)	\$ 116,664	\$ -	\$ (170,000)	\$ -	\$ (284,945)	
LAM20	302093TR	Curb, Gutter, S/W RPL 09	(51,757)	97,347	-	(45,590)	-	-	
LAM20	302102TR	Curb, Gutter, S/W RPL 10	-	17,240	-	(90,871)	-	(73,631)	(b)
		Total LAM 20 Projects	(51,757)	114,587	-	(136,461)	-	(73,631)	
LAM23	302090TR	Install Pedestrian Ramps 09	(18,086)	41,665	-	(23,579)	-	-	
LAM23	302104TR	Install Pedestrian Ramps 10	-	4,172	-	(44,472)	-	(40,300)	(b)
LAM23	302080TR	Install Pedestrian Ramps	(44,943)	-	-	-	-	(44,943)	(b)
		Total LAM 23 Projects	(63,029)	45,837	-	(68,051)	-	(85,243)	
LAM25	302096TR	Traffic Calming Program 09	-	22,920	-	-	-	22,920	
		Total Maintenance	(346,395)	300,008	-	(374,512)	-	(420,899)	
		Total Local Street Improvements	(345,292)	660,006	-	(751,370)	-	(436,656)	
		Total <i>TransNet</i> Extension	\$ (345,292)	\$ 660,006	\$ -	\$ (751,370)	-	\$ (436,656)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ (12,783)	\$ 1,105,842	\$ 1,593	\$ (987,797)	\$ -	\$ 106,855	

Notes:

- (a) Projects have been completed and the remaining funds will be reallocated to current projects that are similar in nature to the original project and related MPO IDs.
- (b) Funding has already been requested or will be requested in FY 2011.
- (c) This project has had no activity for the past 2 years but is still an active project. Funds will be expended during FY 2011 and FY 2012.

**CITY OF LA MESA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
LAM17	302091TR	Commercial - Paper St Resurfacing	\$ 66,664	\$ -	\$ 398	\$ -	\$ 67,062
LAM21	302094TR	St Lights - Overhead Util Underground 09	18,337	-	-	\$ -	18,337
LAM24	304040TR	Roadway Drainage Improvements 09	503,332	-	(314,084)	\$ -	189,248
LAM24	304080TR	Roadway Drainage Improvements 10	-	-	(237,151)	\$ -	(237,151)
LAM24	304040TR	Storm Drain Assessment & Replacement 04	-	-	(2,130)	\$ 2,130	-
LAM24	304080TR	Storm Drain Assessment & Replacement 08	-	-	(51,123)	\$ (2,130)	(53,253)
Total LAM24 Projects			503,332	-	(604,488)	\$ -	(101,156)
Total Congestion Relief			588,333	-	(604,090)	\$ -	(15,757)
<b>Maintenance:</b>							
LAM18	General Fund	Street Maintenance (LSI)	113,328	-	(170,000)	\$ 56,672	-
LAM18	General Fund	Street Maintenance	-	-	(231,609)	\$ (56,672)	(288,281)
Total LAM18 Projects			113,328	-	(401,609)	\$ -	(288,281)
LAM19	302092TR	Update Pavement Management Prgm 09	3,336	-	-	\$ -	3,336
Subtotal Maintenance			116,664	-	(401,609)	\$ -	(284,945)



**CITY OF LA MESA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
		Balance carried forward	\$ 116,664	\$ -	\$ (401,609)	\$ -	\$ (284,945)
LAM20	302093TR	Curb, Gutter, S/W RPL 09	97,347	-	(97,347)	-	-
LAM20	302102TR	Curb, Gutter, S/W RPL 10	17,240	-	(90,871)	-	(73,631)
		Total LAM 20 Projects	114,587	-	(188,218)	-	(73,631)
LAM23	302090TR	Install Pedestrian Ramps 09	50,000	-	(50,000)	-	-
LAM23	302104TR	Install Pedestrian Ramps 10	4,172	-	(44,472)	-	(40,300)
LAM23	302080TR	Install Pedestrian Ramps	-	-	(44,943)	-	(44,943)
		Total LAM 23 Projects	54,172	-	(139,415)	-	(85,243)
LAM25	302096TR	Street Reconstruction 09	22,920	-	-	-	22,920
		Total Maintenance	308,343	-	(729,242)	-	(420,899)
		Total Local Street Improvements	896,676	-	(1,333,332)	-	(436,656)
		Total Cumulative <i>TransNet</i> Extension	\$ 896,676	\$ -	\$ (1,333,332)	\$ -	\$ (436,656)

CITY OF LA MESA, CALIFORNIA

TransNet Extension Activities

RTCIP Account

Year Ended June 30, 2010

<u>Project Name</u>	<u>Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Status June 30, 2010</u>
Year ended June 30, 2009	\$ 2,020	\$ -	\$ -	\$ -	\$ -	\$ 2,020
Year ended June 30, 2010	-	-	-	-	-	-
Total RTCIP account	<u>\$ 2,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,020</u>

**CITY OF LEMON GROVE, CALIFORNIA**

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

Year Ended June 30, 2010



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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 Lemon Grove, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 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.

4. 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.

5. We obtained from the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.

- 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$1,062,888. We selected \$562,251 (52.90%) 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 whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$509,937
Less: debt service payment	<u>-</u>
Net estimated apportionment	509,937
30% base	<u>30%</u>
Fiscal year 2010 30% threshold	152,981
Less: fund balance per Schedule A	<u>148,346</u>
Fund balance under apportionment	<u>\$301,327</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$247,142
Less MOE base year requirement	<u>(186,082)</u>
Excess MOE for the year ended June 30, 2010	<u>\$ 61,060</u>

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

Results: This procedure is not applicable for the City.



11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

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

v. We reviewed and ensured that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

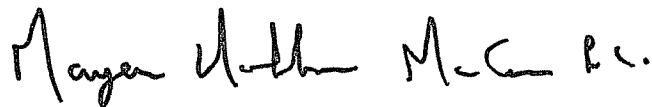
Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has been resolved.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

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  
November 9, 2010

SCHEDULE A

CITY OF LEMON GROVE, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>								
<b>Local Streets and Roads:</b>								
LG13	Street Improvements - Congestion Relief	\$ 658,325	\$ -	\$ 2,309	\$ (660,634)	\$ -	\$ -	
	Total Local Streets and Roads	658,325	-	2,309	(660,634)	-	-	
	Total TransNet	\$ 658,325	\$ -	\$ 2,309	\$ (660,634)	\$ -	\$ -	
<b>TransNet Extension:</b>								
<b>Local Street Improvements:</b>								
<b>Congestion Relief:</b>								
LG13	Street Improvements - Congestion Relief	\$ 75,224	\$ -	\$ 972	\$ (169,774)	\$ -	\$ (93,578)	(a)
LG16	Storm Drain Rehabilitation - Congestion Relief	124,929	-	1,188	(66,000)	-	60,117	
LG18	Traffic Improvements - Congestion Relief	28,508	-	308	(9,267)	-	19,549	
	Total Congestion Relief	228,661	-	2,468	(245,041)	-	(13,912)	
<b>Maintenance:</b>								
LG14	Traffic Improvements - Preventive Maintenance	(2,330)	-	-	(84,889)	-	(87,219)	(a)
LG15	Storm Drain Rehabilitation - Preventive Maintenance	10,000	-	60	(10,651)	-	(591)	(a)
LG17	Street Improvements - Preventive Maintenance	15,000	-	49	(61,673)	-	(46,624)	(a)
	Total Maintenance	22,670	-	109	(157,213)	-	(134,434)	
	Total TransNet Extension	\$ 251,331	\$ -	\$ 2,577	\$ (402,254)	\$ -	\$ (148,346)	
	Total TransNet and TransNet Extension	\$ 909,656	\$ -	\$ 4,886	\$ (1,062,888)	\$ -	\$ (148,346)	

Notes:

(a) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 2010. Additional funding will be requested during FY 2011 now that the City is in compliance with the 30% Rule.

**SCHEDULE B**

**CITY OF LEMON GROVE, CALIFORNIA**

*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>						
<b>Local Street Improvements:</b>						
<b>Congestion Relief:</b>						
LG13	Street Improvements - Congestion Relief	\$ 64,000	\$ 12,196	\$ (169,774)	\$ -	\$ (93,578)
LG16	Storm Drain Rehabilitation - Congestion Relief	142,396	2,858	(85,137)	-	60,117
LG18	Traffic Improvements - Congestion Relief	43,616	308	(24,375)	-	19,549
	<b>Total Congestion Relief</b>	<u>250,012</u>	<u>15,362</u>	<u>(279,286)</u>	<u>-</u>	<u>(13,912)</u>
<b>Maintenance:</b>						
LG14	Traffic Improvements - Preventative Maintenance	21,084	-	(108,303)	-	(87,219)
LG15	Storm Drain Rehabilitation - Preventative Maintenance	10,000	60	(10,651)	-	(591)
LG17	Street Improvements - Preventative Maintenance	15,000	49	(61,673)	-	(46,624)
	<b>Total Maintenance</b>	<u>46,084</u>	<u>109</u>	<u>(180,627)</u>	<u>-</u>	<u>(134,434)</u>
	<b>Total Cumulative TransNet Extension</b>	<u>\$ 296,096</u>	<u>\$ 15,471</u>	<u>\$ (459,913)</u>	<u>\$ -</u>	<u>\$ (148,346)</u>

SCHEDULE C

CITY OF LEMON GROVE, CALIFORNIA  
 TransNet Extension Activities  
 RTCIP Fund  
 Year Ended June 30, 2010

Project Name	Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Status June 30, 2010
Year ended June 30, 2009	\$ 8,093	\$ -	\$ 46	\$ -	\$ -	\$ 8,139
Year ended June 30, 2010	-	4,080	-	-	-	4,080
Total RTCIP Funds	\$ 8,093	\$ 4,080	\$ 46	\$ -	\$ -	\$ 12,219

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**

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

Year Ended June 30, 2010



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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, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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 although no formal approval process has been documented.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

ii. We selected individual expenditures for testing that comprised 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 expenditures in the amount of \$87,776,557. We selected \$50,736,570 (57.80%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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.



Results: MTS is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$21,864,194
Less: debt service payment	<u>                  -</u>
Net estimated apportionment	21,864,194
30% base	<u>                  30%</u>
Fiscal year 2010 30% threshold	6,559,258
Less: fund balance per Schedule A	<u>          (225,061)</u>
Fund balance under apportionment	<u>\$ 6,334,197</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for MTS.

Results: This procedure is not applicable as MTS is not subject to MOE requirements.

10. 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 the increase in the Consumer Price Index for San Diego County (CPI) over the same period from SANDAG.
- c. We reviewed and reported the increase in total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services in excess of the increase in the CPI.

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 is shown in the tables below.

The growth rate for bus total operating cost per revenue vehicle hour exceeded the increase in the CPI. However, MTS submitted to the SANDAG Board a request to exclude \$847,900 in certain costs from the calculation. The SANDAG Board of Directors approved MTS' request. Therefore, we have excluded the costs from the calculation and the MTS bus service growth rate is now in compliance with the requirements.

The growth rate for Rail total operating cost per revenue vehicle hour was equal to the increase in the CPI and was in compliance with the requirements.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2010</u>	<u>2009</u>	<u>Growth Rate</u>
Operating cost for buses (1)	\$142,314,150	\$148,098,933	
Revenue vehicle hours	1,733,857	1,829,147	
 Total operating cost per revenue vehicle hour	 \$82.08	 \$80.97	 1.01369
 Consumer Price Index	 244.242	 240.885	 1.01394

- (1) In the prior year report, 2009 operating costs were reported as \$81,271,392. The variance of \$66,827,541 is due to: (1) the addition of \$7,675,393 due to a change in the indirect cost allocation; (2) the addition of contracted services in the amount of \$59,639,022; (3) the addition of \$1,068,126 of OPEB expense; and (4) the deduction of \$1,555,000 of amortization of OPEB expense.

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2010</u>	<u>2009</u>	<u>Growth Rate</u>
Operating cost for rail (1)	\$61,127,104	\$60,713,758	
Revenue vehicle miles	7,848,443	7,894,528	
 Total operating cost per revenue vehicle mile	 \$7.79	 \$7.69	 1.01300
 Consumer Price Index	 244.242	 240.885	 1.01394

- (1) In the prior year report, 2009 operating costs were reported as \$58,536,769. The variance of \$2,176,989 is due to the deduction of OPEB expense from operating costs in the prior report.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.
  - a. We obtained a general ledger for the RTCIP fund from MTS.
  - b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from MTS.
  - c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from MTS. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2010, or footnoted any restatements.
    - i. We determined that MTS is using the most current approved fee amount.
    - ii. We inquired of management as to whether procedures are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.
    - v. We reviewed and ensured that MTS provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.
    - vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for MTS.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for MTS.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: No findings and recommendations were noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included MTS' response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

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.

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

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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 McLean Re.*

Irvine, California  
October 25, 2010



SCHEDULE A

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet and TransNet Extension Activities

Schedule of Status of Funds by Project

Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	MTS Adjustments	Project Status June 30, 2010
	<b>TransNet:</b>						
	<b>Operating:</b>						
	Transit and Trolley:						
	MTS Operating Support	\$ -	\$ 7,900,000	\$ -	\$ (7,900,000)	\$ -	\$ -
	Total Operating	-	7,900,000	-	(7,900,000)	-	-
	<b>Capital:</b>						
MTS 28, 30	Bus/Rail Support, Equipment, & Facilities Mission Valley East	4,721,229	-	13,188	(4,509,356)	-	225,061
		-	13,000,000	-	(13,000,000)	-	-
	Total Capital	4,721,229	13,000,000	13,188	(17,509,356)	-	225,061
	Total TransNet	\$ 4,721,229	\$ 20,900,000	\$ 13,188	\$ (25,409,356)	\$ -	\$ 225,061

SCHEDULE A

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet and TransNet Extension Activities

Schedule of Status of Funds by Project

(Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	MTS Adjustments	Project Status June 30, 2010
	<b>TransNet Extension</b>						
	<b>Operating:</b>						
	Senior and Disabled Transportation:						
MTS 33A	MTS Access	\$ -	\$ 580,527	\$ -	\$ (580,527)	\$ -	\$ -
	Total Senior and Disabled Transportation	-	580,527	-	(580,527)	-	-
	<b>Transit and Trolley:</b>						
MTS 23A	MTS Operating Support	-	16,319,550	-	(16,319,550)	-	-
SAN 80	Rapid Bus Transit	-	71,496	-	(71,496)	-	-
SAN 80	SuperLoop	-	2,085,221	-	(2,085,221)	-	-
	Total Transit and Trolley	-	18,476,267	-	(18,476,267)	-	-
	Total Operating	-	19,056,794	-	(19,056,794)	-	-
	<b>Capital:</b>						
SAN 67	Blue Line Rehab	-	43,310,407	-	(43,310,407)	-	-
	Total Capital	-	43,310,407	-	(43,310,407)	-	-
	Total TransNet Extension	\$ -	\$ 62,367,201	\$ -	\$ (62,367,201)	\$ -	\$ -
	Total TransNet and TransNet Extension	\$ 4,721,229	\$ 83,267,201	\$ 13,188	\$ (87,776,557)	\$ -	\$ 225,061

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**

*TransNet* Extension Activities

Cumulative Schedule of Status of Funds by Project  
Year Ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	MTS Adjustments	Status June 30, 2010
	<b>TransNet Extension</b>					
	<b>Operating:</b>					
	Senior and Disabled Transportation:					
MTS 33A	MTS Access	\$ 1,206,500	-	\$ (1,206,500)	-	\$ -
	Total Senior and Disabled Transportation:	1,206,500	-	(1,206,500)	-	-
	Transit and Trolley					
MTS 23A	MTS Access	34,551,236	-	(34,551,236)	-	-
SAN 80	MTS Access	126,107	-	(126,107)	-	-
SAN 80	SuperLoop	2,085,221	-	(2,085,221)	-	-
	Total Transit and Trolley	36,762,564	-	(36,762,564)	-	-
	Total Operating	39,175,564	-	(39,175,564)	-	-
	<b>Capital:</b>					
SAN 67	Blue Line Rehab	43,310,407	-	(43,310,407)	-	-
	Total Capital	43,310,407	-	(43,310,407)	-	-
	Total Cumulative <i>TransNet</i> Extension	\$ 82,485,971	\$ -	\$ (82,485,971)	\$ -	\$ -

**CITY OF NATIONAL CITY, CALIFORNIA**

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

Year Ended June 30, 2010



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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 National City, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.
  - i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$1,844,124. We selected \$1,140,367 (61.84%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is not in compliance with the 30% requirement. The fund balance over the apportionment is as follows. See Finding Number 1 in the Findings and Recommendations section of this report.



Fiscal year 2010 apportionment	\$1,017,450
Less: debt service payment	<u>(762,097)</u>
Net estimated apportionment	255,353
30% base	<u>30%</u>
Fiscal year 2010 30% threshold	76,606
Less: fund balance per Schedule A	<u>(1,357,934)</u>
Fund balance over apportionment	<u>\$(1,281,328)</u>

8. 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.

Results: The results are summarized below:

	Balance July 1, 2009	Additions	Principal Payments	Balance June 30, 2010	Interest Payments
Commercial Paper	\$3,000,000	\$1,500,000	\$(750,000)	\$3,750,000	\$(12,097)

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$2,073,854
Less MOE base year requirement	<u>(1,843,285)</u>
Excess MOE for the year ended June 30, 2010	<u>\$ 230,569</u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

- a. We obtained a general ledger for the RTCIP fund from the City.

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

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2010, or footnoted any restatements.

- i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

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

- v. We determined whether the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

Results: The City did not allocate interest to RTCIP projects. See Finding Number 2 in the Findings and Recommendations section of this report.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: In 2009, the City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has not yet been resolved. See Finding Number 1 in the Findings and Recommendations section of this report.

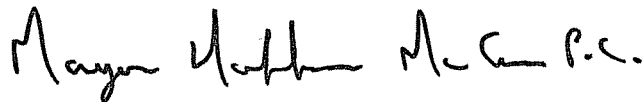
16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

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

The City's written responses 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  
November 17, 2010

# CITY OF NATIONAL CITY, CALIFORNIA

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

### Findings and Recommendations

Year Ended June 30, 2010

#### (1) **Need to Use Remaining Balance Before Requesting Future Funding**

As of June 30, 2010, the ending fund balance of the *TransNet* funds of the City of National City (City) was \$1,357,934, which exceeded 30% of its annual apportionment. This condition was previously reported in the prior year.

Board Policy 031, Rule #17, paragraph IV states, in part:

“...an agency that maintains a balance of more than 30 percent of its annual apportionment (after debt service payments) must use the remaining balance to fund projects. SANDAG will defer payment until the recipient agency’s Director of Finance, or equivalent, submits to SANDAG a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined”

#### **Recommendation**

We recommend that the City exhaust the excess cash balance as expediently as possible. SANDAG is unable to advance additional funds until such time that the Director of Finance of the City certifies compliance with this Rule.

#### **Management Response**

The fund balance as identified in the audit is reserved for ongoing capital projects. These projects are detailed on the Schedule of Status of Funds by Project. The bulk of the fund balance is reserved for the Plaza Boulevard project and it is anticipated to expend approximately \$200,000 in FY 2010-2011. The final design of the Plaza Boulevard project has been completed and staff continues to seek additional funds to continue with construction. In addition, the bulk of the Upgrading of Traffic Signal project is anticipated to be fully expended in FY 2010-2011 with the award of a contract. Staff will continue to monitor the progress of the projects and will continue to update SANDAG on the status.

#### (2) **Need to Allocate interest to RTCIP Funds**

The City did not allocate interest to RTCIP funds during the year ended June 30, 2010. At July 1, 2009, the City had \$16,000 in RTCIP funds and received an additional \$359,560 during the year, yet no interest was allocated to the funds.

Board Policy 031, Rule #6 states, in part:

**CITY OF NATIONAL CITY, CALIFORNIA**

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

Findings and Recommendations

Year Ended June 30, 2010

**(2) Need to Allocate interest to RTCIP Funds (Continued)**

“...Interest accrued should be applied to each active project that carries an outstanding balance...”

**Recommendation**

We recommend that the City allocate interest to all active projects that carry a positive beginning balance as required by Rule #6 of Board Policy 031.

**Management Response**

The City will allocate interest retroactively in FY 2010-2011 and will update the fund profile in our financial system to ensure that interest is allocated to the fund on a quarterly basis.

SCHEDULE A

CITY OF NATIONAL CITY, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
NC 01	6569	Plaza Blvd. Widening	\$ 922,404	\$ -	\$ 7,925	\$ (120,016)	\$ -	\$ 810,313	
NC 04	6558	Traffic Signal Install/Upgrade	510,144	-	4,323	(35,006)	-	479,461	
		Total Local Streets and Roads	1,432,548	-	12,248	(155,022)	-	1,289,774	
		Total TransNet	\$ 1,432,548	\$ -	\$ 12,248	\$ (155,022)	\$ -	\$ 1,289,774	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
NC 03	6035	Street Resurfacing Project	\$ 55,101	\$ 1,500,000	\$ 432	\$ (1,689,102)	\$ -	\$ (133,569)	(a)
NC 04	6558	Traffic Signal Install/Upgrade	200,000	-	1,729	-	-	201,729	(b)
		Total Congestion Relief	255,101	1,500,000	2,161	(1,689,102)	-	68,160	
		Total TransNet Extension	\$ 255,101	\$ 1,500,000	\$ 2,161	\$ (1,689,102)	\$ -	\$ 68,160	
		Total TransNet and TransNet Extension	\$ 1,687,649	\$ 1,500,000	\$ 14,409	\$ (1,844,124)	\$ -	\$ 1,357,934	

Notes:

- (a) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 2010. Additional funding will be requested once the City is in compliance with the 30% Rule.
- (b) Although this project has had no activity in the previous 2 years, the project is currently in the design stage and construction is estimated to begin by March 2011 and end by October 2011. All funds are anticipated to be expended upon completion of construction.

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project

Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
NC 03	6035	Street Resurfacing Project	\$ 4,500,000	432 \$	\$ (4,634,001)	\$ -	\$ (133,569)
NC 04	6558	Traffic Signal Install/Upgrade	200,000	1,729	-	-	201,729
		Total Congestion Relief	4,700,000	2,161	(4,634,001)	-	68,160
		Total Local Street Improvements	4,700,000	2,161	(4,634,001)	-	68,160
		Total Cumulative TransNet Extension	\$ 4,700,000	\$ 2,161	\$ (4,634,001)	\$ -	\$ 68,160



SCHEDULE C

CITY OF NATIONAL CITY, CALIFORNIA  
 TransNet Extension Activities  
 RTCIP Fund  
 Year Ended June 30, 2010

Project Name	Status	Funds	Interest	Project	City	Status
	July 1, 2009	Received	Income	Expenditures	Adjustments	June 30, 2010
Year ended June 30, 2009	\$ 16,000	\$ -	\$ -	\$ -	\$ -	\$ 16,000
Year ended June 30, 2010	-	359,560	-	-	-	359,560
Total RTCIP Funds	\$ 16,000	\$ 359,560	\$ -	\$ -	\$ -	\$ 375,560

Note:  
 (1) Interest allocation will be retroactively applied in FY 2011.

**NORTH COUNTY TRANSIT DISTRICT  
OCEANSIDE, CALIFORNIA**

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

Year Ended June 30, 2010



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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 North County Transit District, Oceanside, California (NCTD) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

<i>TransNet</i> payments made by SANDAG	\$17,739,242
<i>TransNet</i> revenue recorded by NCTD	<u>17,761,073</u>
Variance	\$ <u>(21,831)</u>

The reason for the variance is that NCTD is on an accrual basis of accounting, the SANDAG payment schedule is on a cash basis.

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.  
  
Results: No exceptions were noted as a result of our procedures.
- iii. We reviewed the interest allocation methodology for reasonableness.  
  
Results: No exceptions were noted as a result of our procedures.
- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.
  - i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.  
  
Results: No exceptions were noted as a result of our procedures.
  - ii. We selected individual expenditures for testing that comprised 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 expenditures in the amount of \$16,504,706. We selected \$5,518,707 (33.44%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.  
  
Results: No exceptions were noted as a result of our procedures.
- e. We determined that any amounts reported in the “adjustments” column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.  
  
Results: No exceptions were noted as a result of our procedures.
- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: NCTD is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$9,019,779
Less: debt service payment	<u>(66,861)</u>
Net estimated apportionment	8,952,918
30% base	<u>30%</u>
Fiscal year 2010 30% threshold	2,685,875
Less: fund balance per Schedule A	<u>(1,783,208)</u>
Fund balance under apportionment	<u>\$ 922,726</u>

8. 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.

Results: NCTD has \$34,000,000 in outstanding commercial paper. However, it does not use *TransNet* funds for the payment of principal and interest. For the year ended June 30, 2010, NCTD paid \$66,861 in interest on commercial paper, which represents the cost of being in the commercial paper program.

9. We reviewed the maintenance of effort (MOE) requirement for NCTD.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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.

10. 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 the increase in the Consumer Price Index for San Diego County (CPI) over the same period from SANDAG.
- c. We reviewed and reported the increase in total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services in excess of the increase in the CPI.

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and the increase in total operating cost per revenue vehicle mile for rail services are as follows.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2010</u>	<u>2009</u>	<u>Growth Rate</u>
Operating cost for bus services (1)	\$42,963,244	\$45,089,698	
Revenue vehicle hours (1)	454,068	483,179	
Total operating cost per revenue vehicle hour	\$94.62	\$93.32	1.01393
Consumer Price Index	244.242	240.885	1.01394

(1) 2009 operating costs and revenue vehicle hours were restated to agree with NCTD's financial and operational records.

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2010</u>	<u>2009</u>	<u>Growth Rate</u>
Operating cost for rail services (1)	\$28,197,382	\$31,517,329	
Revenue vehicle miles (1)	740,828	739,266	
Total operating cost per revenue vehicle mile	\$38.06	\$42.63	0.89280
Consumer Price Index	244.242	240.885	1.01394



- (1) 2009 operating costs and revenue vehicle miles were restated to agree with NCTD's financial and operational records.
11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the fiscal year ended June 30, 2010.
    - a. We obtained a general ledger for the RTCIP fund from NCTD.
    - b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from NCTD.
    - c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from NCTD. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.
      - i. We determined that NCTD is using the most current approved fee amount.
      - ii. We inquired of management as to whether procedures are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.
      - v. We reviewed and ensured that the City and the County of San Diego provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.
      - vi. We identified interest income for the fiscal year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for NCTD.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for NCTD.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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 NCTD.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: No findings and recommendations were noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included NCTD's response to the findings, if applicable.

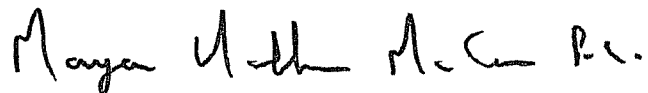
Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

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

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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.

A handwritten signature in black ink, appearing to read "Mayer A. Roth". The signature is written in a cursive, somewhat stylized font.

Irvine, California  
February 18, 2011

**NORTH COUNTY TRANSIT DISTRICT**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>								
<b>Capital:</b>								
<b>Transit:</b>								
NCTD16	Inland (O-E Line)	\$ 31,981	\$ -	\$ -	\$ (35,000)	\$ 3,019	\$ -	(a)
NCTD18	Coastal	1,109,418	-	5,126	643,011	(3,019)	1,754,536	(a)
	STP Projects and Services	28,552	-	120	-	-	28,672	(e)
	<b>Total Transit</b>	<u>1,169,951</u>	<u>-</u>	<u>5,246</u>	<u>608,011</u>	<u>-</u>	<u>1,783,208</u>	
<b>Bike and Pedestrian</b>								
NCTD115	Bicycles	5,667	-	24	-	-	5,690	(b)
	<b>Total Bike and Pedestrian</b>	<u>5,667</u>	<u>-</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>5,690</u>	
	<b>Total Capital</b>	<u>1,175,617</u>	<u>-</u>	<u>5,270</u>	<u>608,011</u>	<u>-</u>	<u>1,788,898</u>	
	<b>Total TransNet</b>	<u>\$ 1,175,617</u>	<u>\$ -</u>	<u>\$ 5,270</u>	<u>\$ 608,011</u>	<u>\$ -</u>	<u>\$ 1,788,898</u>	
<b>TransNet Extension:</b>								
<b>Operating:</b>								
<b>Major Corridor:</b>								
NCTD34	Expanded Transit Service	\$ -	\$ 1,313,066	\$ -	\$ (1,313,066)	\$ -	\$ -	
	<b>Total Major Corridor</b>	<u>-</u>	<u>1,313,066</u>	<u>-</u>	<u>(1,313,066)</u>	<u>-</u>	<u>-</u>	

**NORTH COUNTY TRANSIT DISTRICT**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status	Funds	Interest	Project	NCTD	Project Status	Notes
		July 1, 2009	Received	Income	Expenditures	Adjustments	June 30, 2010	
	Balance carried forward	\$ -	\$ 1,313,066	\$ -	\$ (1,313,066)	\$ -	\$ -	
	<b>Senior and Disabled Transportation:</b>							
NCTD03	Elderly and Disabled	-	240,400	-	(240,400)	-	-	
	Total Senior and Disabled Transportation	-	240,400	-	(240,400)	-	-	
	<b>Transit:</b>							
NCTD16B	Oceanside to Escondido Rail Operations	-	1,181,665	-	(1,181,665)	-	-	
NCTD34	Expanded Transit Service	-	7,712,636	-	(7,712,636)	-	-	
	Total Transit	-	8,894,301	-	(8,894,301)	-	-	
	<b>TransNet Senior Mini Grant:</b>							
NCTD34	TransNet Senior Services	(26,634)	78,695	-	(63,729)	-	(11,668)	(c)
	Total TransNet Senior Mini Grant	(26,634)	78,695	-	(63,729)	-	(11,668)	
	Total Operating	(26,634)	10,526,462	-	(10,511,496)	-	(11,668)	
	<b>Capital:</b>							
	<b>Major Corridor:</b>							
NCTD16	Oceanside-Escondido Rail Project	187,809	7,234,611	18,324	(4,871,236)	-	2,569,508	
NCTD40	Rail Station Improvement	1,163,127	-	4,819	(57,471)	-	1,110,475	
	Total Major Corridor	1,350,936	7,234,611	23,143	(4,928,707)	-	3,679,983	
	Subtotal TransNet Extension	1,324,302	17,761,073	23,143	(15,440,203)	-	3,668,315	

**NORTH COUNTY TRANSIT DISTRICT**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status	Funds	Interest	Project	NCTD	Project Status	Notes
		July 1, 2009	Received	Income	Expenditures	Adjustments	June 30, 2010	
	Balance carried forward	\$ 1,324,302	\$ 17,761,073	\$ 23,143	\$ (15,440,203)	\$ -	\$ 3,668,315	
	<b>Bike, Pedestrian and Neighborhood Safety (BPNS):</b>							
V01	Inland Rail Trail	812,814	-	1,866	(1,672,514)	-	(857,834)	(d)
	Total BPNS	812,814	-	1,866	(1,672,514)	-	(857,834)	
	Total Capital	2,163,750	7,234,611	25,009	(6,601,221)	-	2,822,149	
	Total <i>TransNet</i> Extension	<u>\$ 2,137,116</u>	<u>\$ 17,761,073</u>	<u>\$ 25,009</u>	<u>\$ (17,112,717)</u>	<u>\$ -</u>	<u>\$ 2,810,481</u>	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ 3,312,733</u>	<u>\$ 17,761,073</u>	<u>\$ 30,279</u>	<u>\$ (16,504,706)</u>	<u>\$ -</u>	<u>\$ 4,599,379</u>	

Notes:

- (a) Transferred interest income from NCTD 18 to NCTD 16. This was approved by Board Resolution No. 10-13 on November 18, 2010.
- (b) Funds pending return to SANDAG, expected in FY 2011.
- (c) *TransNet* Senior Services was left off the FY 2009 *TransNet* Schedule A. A reimbursement request will be sent to SANDAG in FY 2011.
- (d) A payment request to cover deficit will be submitted in FY 2011.
- (e) This is a *TransNet* project that dropped off the RTIP years ago and activity will remain on the Schedule until all funds have been depleted.

**NORTH COUNTY TRANSIT DISTRICT**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

<u>MPO ID</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, 2010</u>
<b>TransNet Extension:</b>						
<b>Operating:</b>						
<b>Major Corridor:</b>						
NCTD34	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>ADA:</b>						
NCTD03	ADA Paratransit Services	<u>496,083</u>	<u>-</u>	<u>(496,083)</u>	<u>-</u>	<u>-</u>
	Total ADA	<u>496,083</u>	<u>-</u>	<u>(496,083)</u>	<u>-</u>	<u>-</u>
<b>Transit:</b>						
NCTD16B	Oceanside to Escondido Rail Operations	2,480,665	-	(2,480,665)	-	-
NCTD34	Expanded Transit Service	<u>16,124,909</u>	<u>-</u>	<u>(16,124,909)</u>	<u>-</u>	<u>-</u>
	Total Transit	<u>18,605,574</u>	<u>-</u>	<u>(18,605,574)</u>	<u>-</u>	<u>-</u>
<b>TransNet Senior Mini Grant:</b>						
NCTD34	TransNet Senior Services	<u>86,064</u>	<u>-</u>	<u>(97,732)</u>	<u>-</u>	<u>(11,668)</u>
	Total TransNet Senior Mini Grant	<u>86,064</u>	<u>-</u>	<u>(97,732)</u>	<u>-</u>	<u>(11,668)</u>
	Total Operating	<u>20,500,787</u>	<u>-</u>	<u>(20,512,455)</u>	<u>-</u>	<u>(11,668)</u>

**NORTH COUNTY TRANSIT DISTRICT**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2010
	Balance carried forward	\$ 20,500,787	\$ -	\$ (20,512,455)	\$ -	\$ (11,668)
	<b>Capital:</b>					
	<b>Major Corridor:</b>					
NCTD16	Oceanside-Escondido Rail Project	65,304,611	350,030	(63,085,133)	-	2,569,508
NCTD40	Rail Station Improvements	1,230,000	36,257	(162,341)	6,559	1,110,475
NCTD41	San Luis Rey Transit Center	459,699	6,559	(459,699)	(6,559)	-
	Total Major Corridor	<u>66,994,310</u>	<u>392,846</u>	<u>(63,707,173)</u>	<u>-</u>	<u>3,679,983</u>
	<b>Bike, Pedestrian and Neighborhood Safety (BPNS):</b>					
V01	Inland Trail	<u>3,870,000</u>	<u>25,257</u>	<u>(4,753,091)</u>	<u>-</u>	<u>(857,834)</u>
	Total BPNS	<u>3,870,000</u>	<u>25,257</u>	<u>(4,753,091)</u>	<u>-</u>	<u>(857,834)</u>
	Total Capital	<u>70,864,310</u>	<u>418,103</u>	<u>(68,460,264)</u>	<u>-</u>	<u>2,822,149</u>
	Total Cumulative <i>TransNet</i> Extension	<u>\$ 91,365,097</u>	<u>\$ 418,103</u>	<u>\$ (88,972,719)</u>	<u>\$ -</u>	<u>\$ 2,810,481</u>

Note - Schedule B includes activity that was advance-funded through various SANDAG debt instruments and is paid down with *TransNet* Extension Ordinance Major Corridor Program Funding and NCTD funding.



**CITY OF OCEANSIDE, CALIFORNIA**

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

Year Ended June 30, 2010



**Mayer Hoffman McCann P.C.**

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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, 2010. 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 inquired of the recipient agency's management and determined that the recipient agency maintains a separate fund for *TransNet* revenues or an alternative approach to maintaining separate accountability for reasonableness.

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

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the fiscal year.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* 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 \$6,142,228. We selected \$1,578,657 (25.7%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency

has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows.

Fiscal year 2010 apportionment	\$3,199,524
Less: debt service payment	<u>          -</u>
Net estimated apportionment	3,199,524
30% base	<u>          30%</u>
Fiscal year 2010 30% threshold	959,857
Less: fund balance per Schedule A	<u>5,015,479</u>
Fund balance under apportionment	<u>\$5,975,336</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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. MOE activity for the year ended June 30, 2010, is summarized as follows. See Finding Number 1 in the Findings and Recommendations section of this report.

Current year local discretionary expenditures	\$1,621,465
Less MOE base year requirement	<u>(2,931,649)</u>
Excess (deficit) MOE for the year ended June 30, 2010	<u>\$(1,310,184)</u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

- a. We obtained a general ledger for the RTCIP fund from the City.

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

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2010, or footnoted any restatements.

- i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$132,566. We selected \$79,791 (60.19%) for testing. No exceptions were noted as a result of our procedures.

- v. We determined whether the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We

inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed the prior year findings and recommendations and determined if they were adequately addressed.

Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has been resolved.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

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 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.

*Mayer Hobbs M.C. P.C.*

Irvine, California  
December 20, 2010

**CITY OF OCEANSIDE, CALIFORNIA**

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

Findings and Recommendations

Year Ended June 30, 2010

**(1) Need to Meet Maintenance of Effort (MOE) Requirement**

The City was not able to meet the MOE requirement by \$1,310,184 for the year ended June 30, 2010, since the City only had discretionary expenditures of \$1,621,465 and the MOE requirement was \$2,931,649.

*TransNet* Extension, 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 the operative date of this Ordinance.

**Recommendation**

We recommend that the City budget and incur adequate discretionary expenditures in order to meet its MOE requirement.

**Management Response**

For the audit period, the City had insufficient discretionary funds available to both meet the *TransNet* MOE requirements and maintain essential programs. The City is increasing the amount of discretionary expenditures on street maintenance and new street projects. The City requested a three-year extension in the time permitted to meet the MOE threshold per Section 8 of the Ordinance.

The request was approved on the following dates:

Independent Taxpayer Oversight Committee	March 9, 2011
SANDAG Transportation Committee	March 18, 2011
SANDAG Board of Directors	March 25, 2011

The MOE deficit is to be eliminated according the following schedule:

By June 30, 2011	\$100,000
By June 30, 2012	600,000
By June 30, 2013	<u>610,184</u>
Total	<u>\$ 1,310,184</u>

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>								
<b>Local Streets and Roads:</b>								
O06	Melrose Dr. Extension	\$ 1,397,162	\$ -	\$ 17,057	\$ -	\$ -	\$ 1,414,219	
O06	Melrose Dr. Extension Design	(919,278)	-	-	(154,153)	-	(1,073,431)	
	Total O06 Projects	477,884	-	17,057	(154,153)	-	340,788	
O09	El Camino Bridge Widening	968,963	-	11,151	-	(980,114)	-	(h)
O12	Pala Road Extension	116,836	-	1,345	-	(118,181)	-	(h)
O14	Bridge Rehabilitation	2,790,854	-	32,119	-	(2,822,973)	-	(h)
O14	No Coast Hwy Bridge Seismic Retro	(21,313)	-	-	(31,744)	818,767	765,710	(i)
O14	Douglas Dr. Bridge Seismic Retro	(171,932)	-	-	(14,966)	818,768	631,870	(i)
O14	El Camino Mesa/Mission	(1,070,818)	-	-	-	-	(1,070,818)	(c)
O14	Hill St. Bridge @ San Luis Ray River	708,118	-	8,149	-	(716,267)	-	(h)
O14	RR Quiet Zone Assmnt Pr	(26,693)	-	-	-	-	(26,693)	(c)
	Total O14 Projects	2,208,216	-	40,268	(46,710)	(1,901,705)	300,069	
	Subtotal Local Streets and Roads	3,771,899	-	69,821	(200,863)	(3,000,000)	640,857	

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

<u>MPO ID</u>	<u>Project Name</u>	<u>Project Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2010</u>	<u>Notes</u>
	Balance carried forward	\$ 3,771,899	\$ -	\$ 69,821	\$ (200,863)	\$ (3,000,000)	\$ 640,857	
O18	Misc Sidewalks/ADA	931,003	-	10,714	(204,551)	-	737,166	(a)
O18	So Coast Hwy Tree Well	(2,869)	-	-	(3,820)	-	(6,689)	(a)(d)(c)
O18	So Coast & Vst Wy Imprv	(3,912)	-	-	(7,428)	-	(11,340)	(a)(c)
O18	Cribwall @ Oblvd & ECR	(3,425)	-	-	(46,753)	-	(50,178)	(a)(c)
O18	College Vista Way	-	-	-	(3,032)	-	(3,032)	(a)(c)
O18	Mesa Drive Parkway	-	-	-	(9,181)	-	(9,181)	(a)(c)
	Total O18 Projects	<u>920,797</u>	<u>-</u>	<u>10,714</u>	<u>(274,765)</u>	<u>-</u>	<u>656,746</u>	
	Total Local Streets and Roads	<u>4,692,696</u>	<u>-</u>	<u>80,535</u>	<u>(475,628)</u>	<u>(3,000,000)</u>	<u>1,297,603</u>	
	Total <i>TransNet</i>	<u>\$ 4,692,696</u>	<u>\$ -</u>	<u>\$ 80,535</u>	<u>\$ (475,628)</u>	<u>\$ (3,000,000)</u>	<u>\$ 1,297,603</u>	

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
	Balance carried forward	\$ 4,692,696	\$ -	\$ 80,535	\$ (475,628)	\$ (3,000,000)	\$ 1,297,603	
<b>TransNet Extension:</b>								
<b>Local Street Improvements:</b>								
<b>Congestion Relief:</b>								
O22	College Bridge Widen @ SLR	\$ (4,067)	\$ -	\$ -	\$ (103,210)	\$ -	\$ (107,277)	(a)(e)
O23	College VW to Olive	(334,335)	-	-	(129,651)	-	(463,986)	(a)(f)
O24	Industry Street	-	-	-	(40,764)	-	(40,764)	(j)
O24	Street Restoration	-	-	-	(3,443,725)	-	(3,443,725)	(j)
	Total O24 Projects	-	-	-	(3,484,489)	-	(3,484,489)	
O25	Adp Signal TMC Traffic Mgmt Ctr	-	-	-	(260,185)	-	(260,185)	(a)
O26	SR76 Thru Lanes	-	-	-	(11,979)	-	(11,979)	(a)
O27	Coast Hwy Roundabout	-	-	-	(891)	-	(891)	(a)
	Total Congestion Relief	(338,402)	-	-	(3,990,405)	-	(4,328,807)	

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project	Funds	Interest	Project	City	Project	Notes
		Status	Received	Income	Expenditures	Adjustments	Status	
		July 1, 2009					June 30, 2010	
	Balance carried forward	\$ (338,402)	\$ -	\$ -	\$ (3,990,405)	\$ -	\$ (4,328,807)	
	<b>Maintenance:</b>							
O18	Gateway Corridor Improve/O'side	(12,665)	-	-	(891)	-	(13,556)	(a)
O18	Str Cavalier MHP Access	(202,700)	-	-	-	-	(202,700)	(a)
O18	RR Quiet Zone Assment Proj	(38,161)	-	-	(7,425)	-	(45,586)	(a)
O18	Lucky St/McNeill	(18,527)	-	-	(111,081)	-	(129,608)	(a)
O18	Misc Traffic Markings	-	-	-	(5,477)	-	(5,477)	(a)
O18	Misc Street Projects	-	-	-	(1,164,353)	-	(1,164,353)	(a)
O18	Neighborhood Traffic Improvement	-	-	-	(151,360)	-	(151,360)	(a)
O18	Street Restoration	-	-	-	(57,152)	-	(57,152)	(a)
O18	Downtown Intersection	-	-	-	(24,959)	-	(24,959)	(a)
O18	Sunburst/Maple/Kelton	(29,362)	-	-	(44,736)	-	(74,098)	(a)(d)
	<b>Total O18 Projects</b>	<u>(301,415)</u>	<u>-</u>	<u>-</u>	<u>(1,567,434)</u>	<u>-</u>	<u>(1,868,849)</u>	
O20	Oceanside Blvd Bus Stop ADA Upgd	(13,040)	-	-	(102,386)	-	(115,426)	(a)
	<b>Total Maintenance</b>	<u>(314,455)</u>	<u>-</u>	<u>-</u>	<u>(1,669,820)</u>	<u>-</u>	<u>(1,984,275)</u>	
	<b>Total Local Street Improvements</b>	<u>(652,857)</u>	<u>-</u>	<u>-</u>	<u>(5,660,225)</u>	<u>-</u>	<u>(6,313,082)</u>	
	<b>Senior Mini-Grant:</b>							
O21	Senior Shuttle	\$ -	\$ 18,535	\$ -	\$ (4,340)	\$ -	\$ 14,195	
O21	Senior Taxi	-	32,976	-	(2,035)	-	30,941	
	<b>Total Senior Mini-Grant</b>	<u>\$ -</u>	<u>\$ 51,511</u>	<u>\$ -</u>	<u>\$ (6,375)</u>	<u>\$ -</u>	<u>\$ 45,136</u>	
	<b>Total TransNet Extension</b>	<u>\$ (652,857)</u>	<u>\$ 51,511</u>	<u>\$ -</u>	<u>\$ (5,666,600)</u>	<u>\$ -</u>	<u>\$ (6,267,946)</u>	
	<b>Total TransNet and TransNet Extension</b>	<u>\$ 4,039,839</u>	<u>\$ 51,511</u>	<u>\$ 80,535</u>	<u>\$ (6,142,228)</u>	<u>\$ (3,000,000)</u>	<u>\$ (4,970,343)</u>	

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
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Notes:

- (a) The City has not requested *TransNet* drawdowns since FY 2009 in order to comply with the 30% Rule. The City is in compliance at June 30, 2010, and will request a drawdown in FY 2011 to remove the deficit.
- (b) Administratively transferred from closed MPO O13. The City will request a drawdown in FY 2011 to cover the deficit from funds authorized by the same amendment.
- (c) The City will remove the deficit with a transfer from local (non-RTCIP) funds in FY 2011.
- (d) The project is complete; however not all funds have been received at June 30, 2010. City has a \$1,200,000 *TransNet* draw in FY 2011 that will remove negative balance.
- (e) City has a \$200,000 *TransNet* draw in FY 2011 that will remove the negative balance.
- (f) The project is complete; however not all funds have been received at June 30, 2010. City has a \$125,000 *TransNet* draw in FY 2011 and will schedule a \$75,000 draw in FY 2012 that will remove most of the negative balance. The remaining negative balance will be removed with local RTCIP funds.
- (g) This project is complete and the remaining balance has been moved to MPO ID O04.
- (h) Adjustment is a return of revenues to SANDAG in FY 2010.
- (i) This project is active under the project names, "No Coast Hwy Bridge Seismic Retro" and "Douglas Drive Bridge Seismic Retro". The two projects will be consolidated into one project.
- (j) The City will draw FY 2011 programmed funds of \$3,000,000 to cover expenditures. The City also received \$2,841,198 in Proposition 1B funds in FY 2011 and will apply those funds to the deficit balance(s) prior to requesting more *TransNet* funds.

**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>						
<b>Local Street Improvements:</b>						
<b>Congestion Relief:</b>						
O22	College Bridge Widen @ SLR	\$ -	\$ -	\$ (107,277)	\$ -	\$ (107,277)
O23	College VW to Olive	-	-	(463,986)	-	(463,986)
O24	Industry Street	-	-	(40,764)	-	(40,764)
O24	Street Restoration	-	-	(3,443,725)	-	(3,443,725)
	Total O24 Projects	-	-	(3,484,489)	-	(3,484,489)
O25	Adp Signal TMC Traffic Mgmt Ctr	-	-	(260,185)	-	(260,185)
O26	SR76 Thru Lanes	-	-	(11,979)	-	(11,979)
O27	Coast Hwy Roundabout	-	-	(891)	-	(891)
	Total Congestion Relief	-	-	(4,328,807)	-	(4,328,807)



**CITY OF OCEANSIDE, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
	Balance carried forward	\$ -	\$ -	\$ (4,328,807)	\$ -	\$ (4,328,807)
<b>Maintenance:</b>						
O18	Gateway Corridor Improve/O'side	-	-	(13,556)	-	(13,556)
O18	Str Cavalier MHP Access	-	-	(202,700)	-	(202,700)
O18	RR Quiet Zone Assment Proj	-	-	(45,586)	-	(45,586)
O18	Lucky St/McNeill	-	-	(129,608)	-	(129,608)
O18	Misc Traffic Markings	-	-	(5,477)	-	(5,477)
O18	Misc Street Projects	-	-	(1,164,353)	-	(1,164,353)
O18	Neighborhood Traffic Improvement	-	-	(151,360)	-	(151,360)
O18	Street Restoration	-	-	(57,152)	-	(57,152)
O18	Downtown Intersection	-	-	(24,959)	-	(24,959)
O18	Sunburst/Maple/Kelton	-	-	(74,098)	-	(74,098)
	Total O18 Projects	-	-	(1,868,849)	-	(1,868,849)
O20	Oblvd Bus Stop ADA Upgd	-	-	(115,426)	-	(115,426)
	Total Maintenance	-	-	(1,984,275)	-	(1,984,275)
	Total Local Street Improvements	-	-	(6,313,082)	-	(6,313,082)
<b>Senior Mini-Grant:</b>						
O21	Senior Shuttle	\$ 18,535	\$ -	\$ (4,340)	\$ -	\$ 14,195
O21	Senior Taxi	32,976	-	(2,035)	-	30,941
	Total Senior Mini-Grant	\$ 51,511	\$ -	\$ (6,375)	\$ -	\$ 45,136
	Total Cumulative <i>TransNet</i> Extension	\$ 51,511	\$ -	\$ (6,319,457)	\$ -	\$ (6,267,946)

**CITY OF OCEANSIDE, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2010

<u>Project Name</u>	<u>Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2010</u>
Year ended June 30, 2009	\$ 8,120	\$ -	\$ -	\$ (8,120)	\$ -	\$ -
Year ended June 30, 2010	<u>-</u>	<u>199,920</u>	<u>6,999</u>	<u>(124,446)</u>	<u>-</u>	<u>82,473</u>
Total RTCIP Funds	<u>\$ 8,120</u>	<u>\$ 199,920</u>	<u>\$ 6,999</u>	<u>\$ (132,566)</u>	<u>\$ -</u>	<u>\$ 82,473</u>

**CITY OF POWAY, CALIFORNIA**

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

Year Ended June 30, 2010



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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 Poway, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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: The City maintains separate funds for its *TransNet* revenue. No exceptions were noted as a result of our procedures.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.

- 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$2,254,135. We selected \$1,031,103 (45.74%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included in 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$1,097,749
Less: debt service payment	<u>          -</u>
Net estimated apportionment	1,097,749
30% base	<u>          30%</u>
Fiscal year 2010 30% threshold	329,325
Less: fund balance per Schedule A	<u>(176,912)</u>
Fund balance under apportionment	<u>\$ 152,413</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$1,378,976
Less MOE base year requirement	<u>(1,142,408)</u>
Excess MOE for the year ended June 30, 2010	<u>\$ 236,568</u>

During our fieldwork, the City provided the Annual Street Report filed with the State which reflected current year local discretionary expenditures of \$1,042,754, which resulted in a deficit MOE for the current fiscal year of \$99,654. Subsequent to the filing of the Annual Street Report, the City determined that the reported discretionary expenditures did not include the allocation of water, sewer and storm drain expenses. The City revised and



resubmitted its Annual Street Report, which indicated the current fiscal year local discretionary expenditures increased to \$1,378,976 as indicated above.

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

- a. We obtained a general ledger for the RTCIP fund from the City.

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

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2010, or footnoted any restatements.

- i. We determined that the City is 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 are 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.

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

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

- v. We determined whether the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010 and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: There were no prior year findings and recommendations.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

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.

*Maureen Kathleen McCann P.C.*

Irvine, California  
October 26, 2010

**CITY OF POWAY, CALIFORNIA**  
*TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet Extension:</b>								
<b>Local Street Improvements:</b>								
<b>Congestion Relief:</b>								
POW 01A	Citywide major reconstruction	\$ (74,439)	\$ 465,190	\$ (4,394)	\$ (386,357)	\$ 4,394	\$ 4,394	(a)
POW 05	Road pavement construction	-	987,000	-	(987,000)	-	-	
POW 10	Road construction and overlay projects	-	530,000	182	(531,292)	-	(1,110)	(b)
	<b>Total Congestion Relief</b>	<u>(74,439)</u>	<u>1,982,190</u>	<u>(4,212)</u>	<u>(1,904,649)</u>	<u>4,394</u>	<u>3,284</u>	
<b>Maintenance:</b>								
POW 04	Citywide street maintenance	<u>168,252</u>	<u>350,000</u>	<u>4,862</u>	<u>(349,486)</u>	<u>-</u>	<u>173,628</u>	
	<b>Total Maintenance</b>	<u>168,252</u>	<u>350,000</u>	<u>4,862</u>	<u>(349,486)</u>	<u>-</u>	<u>173,628</u>	
	<b>Total TransNet Extension</b>	<u>\$ 93,813</u>	<u>\$ 2,332,190</u>	<u>\$ 650</u>	<u>\$ (2,254,135)</u>	<u>\$ 4,394</u>	<u>\$ 176,912</u>	

Notes:

- (a) The City allocated negative interest. This negative interest has been removed through an adjustment. The General Fund covers any negative interest.
- (b) Funding will be requested in FY 2010 to remove the deficit.

**CITY OF POWAY, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>						
<b>Local Street Improvements:</b>						
<b>Congestion Relief:</b>						
POW 01A	Citywide major reconstruction	\$ 946,000	\$ 32	\$ (946,032)	\$ 4,394	4,394
POW 05	Road pavement construction	987,000	-	(987,000)	-	-
POW 10	Road construction and overlay projects	530,000	182	(531,292)	-	(1,110)
	<b>Total Congestion Relief</b>	<u>2,463,000</u>	<u>214</u>	<u>(2,464,324)</u>	<u>4,394</u>	<u>3,284</u>
<b>Maintenance:</b>						
POW 04	Citywide street maintenance	750,000	4,862	(581,234)	-	173,628
	<b>Total Maintenance</b>	<u>750,000</u>	<u>4,862</u>	<u>(581,234)</u>	<u>-</u>	<u>173,628</u>
	<b>Total <i>TransNet</i> Extension</b>	<u>\$ 3,213,000</u>	<u>\$ 5,076</u>	<u>\$ (3,045,558)</u>	<u>\$ 4,394</u>	<u>\$ 176,912</u>

**CITY OF POWAY, CALIFORNIA**  
 TransNet Extension Activities  
 RTCIP Fund  
 Year Ended June 30, 2010

Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Project Status June 30, 2010
Year ended June 30, 2009	\$ 79,785	\$ -	\$ 1,514	\$ -	\$ -	\$ 81,299
Year ended June 30, 2010	<u>-</u>	<u>10,200</u>	<u>194</u>	<u>-</u>	<u>-</u>	<u>10,394</u>
Total RTCIP Funds	<u>\$ 79,785</u>	<u>\$ 10,200</u>	<u>\$ 1,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,693</u>

**CITY OF SAN DIEGO, CALIFORNIA**

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

Year Ended June 30, 2010



**Mayer Hoffman McCann P.C.**

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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, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.



4. 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. However, the City did not provide the detailed general ledger for *TransNet* revenues and expenditures for our review in a timely manner. See Finding Number 1 in the Findings and Recommendations section of this report.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$25,748,991. We selected \$11,259,354 (43.73%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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: There were 8 projects that required transfer, but did not receive the proper approvals by the end of the fiscal year, as required by SANDAG Board Policy. See Finding Number 2 in the Findings and Recommendations section of this report.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows.

Fiscal year 2010 apportionment	\$22,309,973
Less: debt service payment	_____ -
Net estimated apportionment	22,309,973
30% base	_____ 30%
Fiscal year 2010 30% threshold	6,692,992
Less: fund balance per Schedule A	<u>(2,110,200)</u>
Fund balance under apportionment	<u>\$ 4,582,792</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation Services</u>	<u>Transit Bus Subsidies</u>	<u>Total</u>
Current year local discretionary expenditures	\$30,769,734	\$ 181,102	\$1,062,728	\$32,013,564
Less MOE base year requirement	<u>(24,475,072)</u>	<u>(181,102)</u>	<u>(974,946)</u>	<u>(25,631,120)</u>
Excess MOE for fiscal year ended June 30, 2010	<u>\$ 6,294,662</u>	<u>\$ -</u>	<u>\$ 87,782</u>	<u>\$ 6,382,444</u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results:

The City recorded total expenditures in the amount of \$26,457. We selected \$26,457 (100%) for testing. No exceptions were noted as a result of our procedures.

- v. We determined whether the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

- 12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

- 13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

- a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has been resolved.

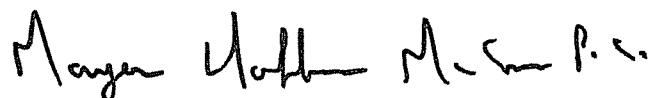
16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

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

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

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 24, 2011

# CITY OF SAN DIEGO, CALIFORNIA

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

### Findings and Recommendations

Year Ended June 30, 2010

(1) **Need to Provide Required Information in a Timely Manner**

The City was not able to provide a complete *TransNet* general ledger and Schedule A for our review until June 2011 due to the conversion of its accounting system. As such the City did not comply with Board Policy No. 031, Rule #17, Section I, which states, in part:

“...If the auditor is unable to complete the audit because an agency was not ready or did not provide the required information or reviews in a timely manner, then the agency will be deemed in noncompliance of the Ordinance. SANDAG will withhold future *TransNet* payments (except for required debt service payments) until the audit draft is completed.”

**Recommendation**

We recommend in the future that the City comply with the Ordinance and provide the required information in a timely manner.

**Management Response**

Management acknowledges delays in providing timely information related to Fiscal Year 2010 *Transnet* audit. This delay was due to the implementation of a comprehensive Enterprise Resource Planning system in that fiscal year. These difficulties have been resolved, and management expects to provide subsequent year’s information on a timelier basis.

(2) **Council Approval Not Obtained for Project Transfers**

There are 8 projects on the City’s Schedule A that have negative balances and require a transfer from another project for funding. The City plans to obtain City Council approval in November 2011 for the December 2011 RTIP cycle. This timing does not comply with Board Policy No. 031, Rule #17, Section III (B)4, which states, in part:

“...any transfer of funds from one project to another requires the local agency to provide documentation that its governing body consents to the transfer proposed prior to or concurrent with the final issuance of the fiscal year audit. Such documentation shall consist of a signed staff report or resolution. Transfers that require an amendment to the RTIP must follow the amendment process outlined in Rule #7.”



# CITY OF SAN DIEGO, CALIFORNIA

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

### Findings and Recommendations

(Continued)

(2) **Council Approval Not Obtained for Project Transfers (Continued)**

**Recommendation**

We recommend the City obtain City Council approval for transfers between projects prior to or concurrent with the final issuance of the fiscal year audit.

**Management Response**

All of the transfers require City Council approval while some also require an RTIP Amendment. The City is targeting the following RTIP Amendment cycle:

Preparation for Council Action for RTIP Amendment	July 2011
Council Committee meeting	October 2011
City Council meeting	November 2011
Submittal of changes to SANDAG	December 2011
Transportation Committee (RTIP) meeting	January 2012

The City is currently reviewing its internal practice to identify transfers or other activity that may require Council approval and/or an RTIP Amendment in an effort to obtain approval during the fiscal year in which it occurs.

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 Year ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	
<b>TransNet:</b>									
<b>Highways:</b>									
CAL 28	SR 905 from East of I-805 Otay	\$ 315,179	\$ -	\$ -	\$ -	\$ -	\$ (315,179)	\$ -	
CAL 28	SR 56/Black Mountain Road	2,091,086	-	-	52,355	-	315,179	2,458,620	(a)
		<u>2,406,265</u>	<u>-</u>	<u>-</u>	<u>52,355</u>	<u>-</u>	<u>-</u>	<u>2,458,620</u>	
<b>Local Streets and Roads:</b>									
SD01	Alvarado Canyon Rd Realignment	136,840	-	-	2,968	(17,927)	-	121,881	
SD05	Euclid Avenue	91,050	-	-	1,975	-	-	93,025	(a)
SD06	Aldine Drive and Fairmount Ave. Slope Restoration	209,105	-	-	4,535	(98,953)	-	114,687	
SD09	New Walkways	-	-	-	-	(66,401)	66,401	-	
SD09	Sidewalk Replacement and Repair - AA	509,150	-	-	11,042	-	(66,401)	453,791	
	Total SD09 Projects	<u>509,150</u>	<u>-</u>	<u>-</u>	<u>11,042</u>	<u>(66,401)</u>	<u>-</u>	<u>453,791</u>	
SD15	Street Light Installation	307,692	-	-	6,672	(1,131)	-	313,233	
SD15	Install Street Lights in High Crime Areas - AA	451,465	-	-	9,791	-	-	461,256	
	Total SD15 Projects	<u>759,157</u>	<u>-</u>	<u>-</u>	<u>16,463</u>	<u>(1,131)</u>	<u>-</u>	<u>774,489</u>	
SD16A	Minor Signal Improvements - AA	1,573,210	-	-	34,447	(6,084)	15,190	1,616,763	
SD16A	TS/SL @ Normal Street	15,190	-	-	-	-	(15,190)	-	
SD16A	Traffic Signal Controllers - AA	1,529,353	-	-	33,166	(374)	(214,946)	1,347,199	
SD16A	Cooperative Projects - AA	1,892	-	-	41	-	-	1,933	
SD16A	Construct top 10-15 Prioritized Traffic Signals	-	-	-	-	(112,652)	112,652	-	
SD16A	Modernize top 5-10 Prioritized Traffic Signals	-	-	-	-	(102,294)	102,294	-	
	Total SD16A Projects	<u>3,119,645</u>	<u>-</u>	<u>-</u>	<u>67,654</u>	<u>(221,404)</u>	<u>-</u>	<u>2,965,895</u>	
SD17	Tijuana River Channel Mitigation Study	23,620	-	-	-	-	(23,620)	-	
SD17	Guard Rails - AA	643,939	-	-	14,306	(65,688)	23,620	616,177	
	Total SD17 Projects	<u>667,559</u>	<u>-</u>	<u>-</u>	<u>14,306</u>	<u>(65,688)</u>	<u>-</u>	<u>616,177</u>	
SD18	Signal Installation - AA	498,820	-	-	10,818	(22,447)	(21,112)	466,079	
	Traffic Operations and Safety - AA	-	-	-	-	(21,112)	21,112	-	
	Total SD18 Projects	<u>498,820</u>	<u>-</u>	<u>-</u>	<u>10,818</u>	<u>(43,559)</u>	<u>-</u>	<u>466,079</u>	
SD19	Streamview Drive	333,721	-	-	7,237	(19,092)	-	321,866	
	Subtotal Local Streets and Roads	<u>6,325,047</u>	<u>-</u>	<u>-</u>	<u>136,998</u>	<u>(534,155)</u>	<u>-</u>	<u>5,927,890</u>	

**SCHEDULE A**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status	Funds	Other	Interest	Project	City	Project Status	
		July 1, 2009	Received	Revenue	Income	Expenditures	Adjustments	June 30, 2010	
	Balance carried forward	\$ 6,325,047	\$ -	\$ -	\$ 136,998	\$ (534,155)	\$ -	\$ 5,927,890	
SD21	Seismic Retrofit - Bridges	47,067	-	-	1,021	-	(4,597)	43,491	
SD21	Seismic Retro - Bridge W Mission Bay Dr	-	-	-	-	(4,597)	4,597	-	
	Total SD21 Projects	47,067	-	-	1,021	(4,597)	-	43,491	
SD22	Underground City Utilities -AA	32,568	-	-	706	-	-	33,274	(b)
SD23	Emergency Drainage Projects - AA	(816,287)	-	-	(14,282)	(568,036)	1,398,605	-	(c)
SD24	Coastal Erosion - AA	10,601	-	-	230	(2,401)	-	8,430	
SD29	43rd Street Widening - Logan Avenue to I-805	460,399	-	-	9,984	(67,814)	-	402,569	
SD34	El Camino Real - Half Mile Drive to Via De La Valle	186	-	-	4	-	(190)	-	(c)
SD38	Georgia Street Bridge/University Ave Separation Replacement	1,663,252	-	-	36,070	(183,440)	(107,992)	1,407,890	(c)
SD43	Lisbon Street; Imperial Avenue to 217 Ft East of 71 St	40,712	-	-	-	-	-	40,712	(b)(d)
SD44	Reconfigure La Jolla Shore	790,927	-	-	-	-	-	790,927	(b)(d)
SD49	Thorn Street Median Improvements	-	-	-	-	(65,818)	2,942,807	2,876,989	
SD49	Navajo Road Median Enhancement	151,844	-	-	-	-	(151,844)	-	
SD49	Montezuma Road (Fairmount) / Median improvements	2,790,963	-	-	-	-	(2,790,963)	-	
	Total SD49 Projects	2,942,807	-	-	-	(65,818)	-	2,876,989	
SD65	North Torrey Pines Slope Restoration	383,567	-	-	-	-	(383,567)	-	
SD65	Torrey Pines Road Slope Reconstruction	-	-	-	-	(11,954)	383,567	371,613	
	Total SD65 Projects	383,567	-	-	-	(11,954)	-	371,613	
SD70	West Mission Bay Drive Bridge Over San Diego	729,839	-	-	15,828	(198,619)	-	547,048	
SD74	Sunset Cliffs Erosion Project	8,081	-	-	-	-	-	8,081	(b)(d)
SD83	SR 163 @ Friars Road	2,068,659	-	-	41,441	(267,478)	-	1,842,622	
SD90	SR 163 / Clairemont Mesa Blvd Interchange	(2,050,605)	-	-	(44,470)	-	-	(2,095,075)	(b)(e)
SD92	Hillcrest Streetscape Improvements	10,556	-	-	-	-	(10,556)	-	
SD92	Washington St and India	-	-	-	-	(5,454)	10,556	5,102	
	Total SD92 Projects	10,556	-	-	-	(5,454)	-	5,102	
SD97	Safe Routes to School	333,601	-	-	-	-	(333,601)	-	
SD97	Willow Elementary School - Safe Route to School	-	-	-	-	(466)	466	-	
SD97	Annual Allocation - Install City St Lights in High-Crime Areas	96,415	-	-	2,091	(348)	333,135	431,293	
	Total SD97 Projects	430,016	-	-	2,091	(814)	-	431,293	
	Subtotal Local Streets and Roads	13,077,392	-	-	185,621	(1,910,580)	1,290,423	12,642,856	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
	Balance carried forward	\$ 13,077,392	\$ -	\$ -	\$ 185,621	\$ (1,910,580)	\$ 1,290,423	\$ 12,642,856
SD99	Bridge rails - AA	150,530	-	-	3,265	(22,217)	-	131,578
SD101	First Avenue Bridge Over Maple Canyon Rehabilitation	616,280	-	-	13,365	(273,507)	-	356,138
SD104	Paradise Hill Revitalization	57,112	-	-	1,239	(402,428)	-	(344,077) (b)
SD106	Mission Beach Boardwalk	191,741	-	-	4,158	(3,035)	-	192,864
SD111	Vie De la Valle Bike Lane	103,465	-	-	2,244	-	-	105,709 (f)
SD112	Via de La Valle, San Andreas Rd to El Camino Real	5,496	-	-	119	(243,642)	-	(238,027) (b)
SD114	Rose Creek Bikeway	236,412	-	-	5,127	(2,673)	-	238,866
SD124	Fiesta Island Drive	67,206	-	-	-	-	-	67,206 (b)(d)
SD127	Shoal Creek Pedestrian Bridge - Phase I	69,094	-	-	1,498	-	-	70,592
SD129	University Ave and Van	165,288	-	-	-	-	(165,288)	-
SD129	University Ave Mobility Study	12,057	-	-	261	(124,800)	165,288	52,806
	Total SD129 Projects	177,345	-	-	261	(124,800)	-	52,806
SD130	Skyline Drive - Street Enhancement	215,971	-	-	4,684	-	-	220,655
SD132	Bird Rock Coastal Traffic Flow Improvement	(242,730)	-	-	(5,264)	(24,801)	-	(272,795) (b)
SD133	Vista Sorrento Pkwy @I-805 Modification	472,468	-	-	10,246	(11,134)	-	471,580
SD134	Euclid Avenue Corridor	194,717	-	-	4,223	(48)	-	198,892
SD135	Seismic Retro - Bridge Garnet Ave over Rose Creek	56,542	-	-	-	-	(56,542)	-
SD135	North Harbor Drive Bridge over Navy Estuary	17,790	-	-	386	-	56,542	74,718
	Total SD135 Projects	74,332	-	-	386	-	-	74,718
SD136	Ocean Beach / Hotel Circle	1,230	-	-	27	-	-	1,257 (a)
SD137	Palm Avenue/SR 75 Concept Study	171,954	-	-	3,729	-	-	175,683
SD139	Laurel Street Bridge Over	259,801	-	-	5,634	(12,444)	-	252,991
SD154	La Jolla Mesa Drive Sidewalk	91,024	-	-	1,974	(22,058)	-	70,940
SD155	Old Otay Mesa Road Sidewalk	206,929	-	-	4,488	-	-	211,417 (f)
SD156	35th & 34th @Madison	42,491	-	-	921	(40,498)	-	2,914
SD157	Cherokee Street Improvements	12,427	-	-	269	(11,454)	-	1,242
SD160	62nd to 65th Street Channel	57,453	-	-	1,246	(54,119)	-	4,580
SD161	Preliminary Engineering for Congestion Relief Projects	620,788	-	-	13,463	-	-	634,251 (g)
SD162	Home Avenue Improvements	258,662	-	-	5,609	-	-	264,271 (a)
SD163	La Jolla Museum Traffic	65,646	-	-	1,424	(5,324)	-	61,746
SD164	Miramar Road	957,049	-	-	20,755	(24,297)	-	953,507
SD165	New Developments	155,197	-	-	3,366	-	-	158,563 (f)
SD166	Minor Bicycle Facilities	520	-	-	11	-	-	531
SD167	Potomac Street Improvement	275,236	-	-	5,969	(171,628)	-	109,577
	Subtotal Local Streets and Roads	18,643,238	-	-	300,057	(3,360,687)	1,290,423	16,873,031

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	
	Balance carried forward	\$ 18,643,238	\$ -	\$ -	\$ 300,057	\$ (3,360,687)	\$ 1,290,423	\$ 16,873,031	
SD168	Public Roads Supporting Park Access	258,662	-	-	5,609	(130)	-	264,141	
SD169	San Diego River Path Study	5,181	-	-	112	(2,810)	-	2,483	
SD170	Skyline @ Cardiff Improvement	17,391	-	-	377	-	-	17,768	
SD171	Taylor St Bikeway	244,269	-	-	5,297	-	-	249,566	
SD172	Transportation Grant Matches	471,811	-	-	10,232	(33,608)	-	448,435	
SD173	38th Improvements	86,180	-	-	1,869	(14,992)	-	73,057	
SD174	Windan Sea Erosion control	25,149	-	-	545	(17,299)	-	8,395	
SD175	Talbot Street Slope restoration	228,539	-	-	4,956	(125,292)	-	108,203	
SD178	Pershing Drive/Redwood	48,789	-	-	1,058	(4,209)	-	45,638	
	<b>Total Local Streets and Roads</b>	<b>20,029,209</b>	<b>-</b>	<b>-</b>	<b>330,112</b>	<b>(3,559,027)</b>	<b>1,290,423</b>	<b>18,090,717</b>	
<b>Bikes and Pedestrian:</b>									
CAL92	Bicycle Parking at the Border	7,023	-	-	149	-	-	7,172 (d)(h)	
SAN21	San Diego Bike Path Design	205,004	-	-	4,342	-	-	209,346	
SAN21	Mission Trails Bike Path Study	4,447	-	-	94	-	-	4,541 (d)(h)	
SD14	State Route 15 Bikeway Study	63,046	-	-	1,335	-	-	64,381	
SD108	Bayshore Bikeway Feasibility Study (Non CIP)	29,827	-	-	632	-	-	30,459	
SD112	Via de La Valle, Bike Lane	14,452	-	-	-	-	-	14,452 (d)(h)	
SD114	Rose Creek / Pedestrian Bridge	115,072	-	-	2,437	-	-	117,509	
SD116	Caroll Canyon Rd Bike Path Lane Design	34,718	-	-	736	-	-	35,454 (d)(h)	
SD117	Adams Ave Bikeway	3,528	-	-	-	-	-	3,528 (d)(h)	
SD119	Mira Mesa Blvd Bikeway	25,566	-	-	-	-	-	25,566 (d)(h)	
SD120	San Diego River Multi-Use	4,181	-	-	89	-	-	4,270 (a)	
SD121	Balboa Avenue / Tierrasanta Blvd Bikeway	257,166	-	-	5,447	(12,702)	-	249,911	
SD122	State Route 56 Bike Path	190,120	-	-	4,027	(402)	-	193,745	
SD122	Darkwood Canyon Connector Study	25,736	-	-	545	-	-	26,281	
	<b>Total SD122 Projects</b>	<b>215,856</b>	<b>-</b>	<b>-</b>	<b>4,572</b>	<b>(402)</b>	<b>-</b>	<b>220,026</b>	
SD141	Poway Road Bike Path	548,943	-	-	11,628	(29,173)	-	531,398	
SD143	Rancho Bernardo Bikeway	259,126	-	-	5,489	(7,307)	-	257,308	
SD144	Bicycle Safety and Commuting Education	59,188	-	-	-	-	(59,188)	-	
SD144	Traffic Safety in Education Program	3,700	-	-	78	-	59,188	62,966	
	<b>Total SD144 Projects</b>	<b>62,888</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>62,966</b>	
	<b>Subtotal Bikes and Pedestrian</b>	<b>1,850,843</b>	<b>-</b>	<b>-</b>	<b>37,028</b>	<b>(49,584)</b>	<b>-</b>	<b>1,838,287</b>	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
	Balance carried forward	\$ 1,850,843	\$ -	\$ -	\$ 37,028	\$ (49,584)	\$ -	\$ 1,838,287
SD145	Safety in Traffic Education Program	1,570	-	-	33	-	-	1,603
SD145	Prop A Bicycle Safety Education	35,255	-	-	747	-	-	36,002
	Total SD145 Projects	36,825	-	-	780	-	-	37,605
V02	Coastal Rail Trail	31,172	90,280	-	660	-	-	122,112
	Total Bikes and Pedestrian	1,918,840	90,280	-	38,468	(49,584)	-	1,998,004
	Total TransNet	24,354,314	90,280	-	420,935	(3,608,611)	1,290,423	22,547,341
<b>Non-TransNet (Funds Deficits Covered by 'Other Revenues')</b>								
<b>Additional TransNet activity - Non Project Specific:</b>								
<b>Other:</b>								
OTHER	Other Revenues	113,010	-	346	-	-	-	113,356
	Total Non Project Specific Activity	113,010	-	346	-	-	-	113,356
<b>Other (Non-TransNet) Streets and Roads:</b>								
SD10	Ocean Front Walk - San Fernando to Ventura	-	-	-	-	(1,404)	-	(1,404) (b)
SD87	State Route 905 and 125	2,656	-	-	-	-	-	2,656
SD102A	Otay Mesa Truck Route	(332,680)	-	-	(7,215)	-	-	(339,895) (j)
SD107	North Torrey Pines Road at Genesee	5,292	-	-	115	-	-	5,407
SD181	Soledad Mtn Road Emergency	(202,191)	-	-	(4,385)	(248,117)	-	(454,693) (k)
	Total Other (Non-TransNet) Streets and Roads	(526,923)	-	-	(11,485)	(249,521)	-	(787,929)
<b>Other (Non-TransNet) Bikes and Pedestrian:</b>								
SD136	Ocean Beach/Hotel Circle North Bikeway Design	(171,904)	-	-	(3,641)	-	-	(175,545) (l)
	Total Other (Non-TransNet) Bikes and Pedestrian	(171,904)	-	-	(3,641)	-	-	(175,545)
	Total Non-TransNet (Fund Deficits Covered By "Other Revenue")	(585,817)	-	346	(15,126)	(249,521)	-	(850,118)
<b>TransNet Extension:</b>								
<b>Major Corridor:</b>								
SD108	Bayshore Bikeway	617,611	-	-	13,510	(210,593)	-	420,528
	Total Major Corridor	617,611	-	-	13,510	(210,593)	-	420,528

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
SD01	Alvarado Road Realignment	\$ 68,829	\$ -	\$ -	\$ (1,566)	\$ (4,068)	\$ -	\$ 63,195	
SD06	Aldine Drive Slope Reconstruction	1,858,927	-	-	(42,286)	(102,087)	-	1,714,554	
SD09	Americans with Disabilities Improvements (ARRA)	-	-	-	(1,248)	(152,863)	-	(154,111)	
SD09	New Walkways (ARRA)	-	-	-	(2,048)	(250,898)	-	(252,946)	
SD09	Groveland Street Sidewalk - Southside	328,178	-	-	(7,465)	-	(330,501)	(9,788)	
SD09	No. & So. Side Ridgehaven Ct Sidewalk	(5,365)	-	-	122	(72,020)	330,501	253,238	
SD09	New Walkways	-	-	-	-	-	-	-	
	Total SD09 Projects	322,813	-	-	(10,639)	(475,781)	-	(163,607)	(m)
SD14	SR 15 Bikeway	40,530	-	-	(922)	(55,890)	-	(16,282)	
SD14	40th St. Promenade - Mid City Urban Trail	-	-	-	-	(29,228)	-	(29,228)	
SD14	Cherokee Traffic Calming	-	-	-	-	(52,321)	-	(52,321)	
	Total SD14 Projects	40,530	-	-	(922)	(137,439)	-	(97,831)	(m)
SD15	Street Lights - Smart Growth Areas	316,781	-	-	(7,206)	(21,267)	-	288,308	
SD16A	Traffic Signal Interconnect Projects	101,824	-	-	(2,316)	(1,405)	-	98,103	
SD16A	Traffic Signals - Replace Obsolete Controllers	76,394	-	-	(1,738)	-	-	74,656	
SD16A	Cooperative Signal Projects	203,718	-	-	(4,634)	-	-	199,084	
SD16A	Traffic Signals - Citywide	400,715	-	-	(9,115)	(90,281)	-	301,319	
SD16A	Traffic Signals - Modifications/Modernization	583,579	-	-	(13,275)	(287,973)	-	282,331	
	Total SD16A Projects	1,366,230	-	-	(31,078)	(379,659)	-	955,493	
SD18	Traffic Control/Calming Measures - Smart Growth Areas	194,557	-	-	(4,426)	(56,765)	-	133,366	
SD19	Streamview Drive	183,346	-	-	(4,171)	-	-	179,175	(i)
SD23	Z St Natural Storm Drain	464,118	-	-	(10,558)	-	(1,656,975)	(1,203,415)	
SD23	Rowena St Pipeline	-	-	-	-	(258,370)	258,370	-	
	Total SD23 Projects	464,118	-	-	(10,558)	(258,370)	(1,398,605)	(1,203,415)	(n)
SD31	Carmel Valley Road	(67,261)	-	-	1,530	(29,821)	-	(95,552)	(b)
SD32	Carroll Cnyn Rd Sorrento Valley Rd to I-805	(916,807)	-	-	20,855	(9,228,912)	-	(10,124,864)	(b)
SD34	El Camino Real Road and Bridge Widening	95,859	-	-	(2,181)	(55,922)	190	37,946	(c)
SD38	Georgia St Bridge & University Ave	(40,669)	-	-	925	(67,472)	107,992	776	(c)
SD49	Median Installation	301,414	-	-	(6,856)	(22,246)	-	272,312	
	Subtotal Congestion Relief	4,188,667	-	-	(98,579)	(10,839,809)	(1,290,423)	(8,040,144)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project	Funds	Other	Interest	Project	City	Project	
		Status July 1, 2009	Received	Revenue	Income	Expenditures	Adjustments	Status June 30, 2010	
	Balance carried forward	\$ 4,188,667	\$ -	\$ -	\$ (98,579)	\$ (10,839,809)	\$ (1,290,423)	\$ (8,040,144)	
SD51	North Torrey Pines Road Bridge over Los Penasquitos Creek	(39,027)	-	-	888	(13,764)	-	(51,903)	(m)
SD70	West Mission Bay Drive Bridge over San Diego River	96,076	-	-	(2,186)	(4)	-	93,886	
SD83	State Route 163 and Friars Road, Phase I	2,037,180	-	-	(46,341)	(386,173)	-	1,604,666	
SD86	Famosa Slough Salt Marsh Restoration	(1,615)	-	-	37	(24,392)	-	(25,970)	(b)
SD90	Clairemont Mesa/SR163	977,639	-	-	(22,239)	(376,169)	-	579,231	
SD92	El Cajon Blvd Revitalization Texas to Illinois	(30,353)	-	-	690	-	-	(29,663)	
SD92	Mid-City Transit Gateway	(39,415)	-	-	897	-	-	(38,518)	
SD92	Washington St @ India St Median Improvement	-	-	-	-	(11,723)	-	(11,723)	
SD92	Azalea Park Artistic Enhancement	-	-	-	-	(30,173)	-	(30,173)	
SD92	Washington / Goldfinch Intersection Improvements	(90,000)	-	-	2,047	(32,838)	-	(120,791)	
SD92	Azalea Park Rdway Improvements and Neighborhood ID	119,861	-	-	(2,727)	-	-	117,134	
	Total SD92 Projects	(39,907)	-	-	907	(74,734)	-	(113,734)	(m)
SD97	School Traffic Safety Improvements	320,242	-	-	(7,285)	(51,362)	-	261,595	
SD99	Bridge Rehabilitation	70,656	-	-	(1,607)	(2,861)	(781)	65,407	
SD99	Bridge Rehabilitation - Morena Blvd Bridge	(797)	-	-	18	-	781	2	
	Total SD99 Projects	69,859	-	-	(1,589)	(2,861)	-	65,409	
SD102A	Otay Mesa Truck Route Phase 3	-	-	-	-	(62,099)	-	(62,099)	(m)
SD114	Rose Creek Bikeway	-	-	-	(567)	(69,473)	-	(70,040)	(b)
SD120	San Diego River Multi-Use Bicycle & Pedestrian Path	121,436	-	-	(2,762)	(185,483)	-	(66,809)	(m)
SD127	Shoal Creek Pedestrian Bridge	558	-	-	(13)	-	-	545	
SD127	Shoal Creek Pedestrian Bridge	-	-	-	(621)	(76,106)	-	(76,727)	
	Total SD127 Projects	558	-	-	(634)	(76,106)	-	(76,182)	(m)
SD129	University Avenue Mobility Project	174,943	-	-	(3,980)	(72,621)	-	98,342	
SD130	Skyline Drive Improvement from Sears Ave to 58th St.	(117,603)	-	-	2,675	(363,537)	-	(478,465)	(m)
SD132	Bird Rock Coastal Traffic Flow Improvements	(682,350)	-	-	15,522	(69,595)	-	(736,423)	(b)
SD133	Mira Sorrento Place (Biological Monitoring)	61,115	-	-	(1,390)	(2,414)	-	57,311	
SD136	Ocean Beach / Hotel Circle	-	-	-	-	(367,271)	-	(367,271)	(m)
SD137	Palm Avenue Roadway Improvements	235,879	-	-	(5,366)	(119,500)	-	111,013	
SD139	Laurel Street (Cabrillo) Bridge over Highway 163	50,929	-	-	(1,159)	-	-	49,770	(a)
	Subtotal Congestion Relief	7,454,021	-	-	(174,048)	(13,157,367)	(1,290,423)	(7,167,817)	



SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project	Funds	Other	Interest	Project	City	Project
		Status July 1, 2009	Received	Revenue	Income	Expenditures	Adjustments	Status June 30, 2010
	Balance carried forward	\$ 7,454,021	\$ -	\$ -	\$ (174,048)	\$ (13,157,367)	\$ (1,290,423)	\$ (7,167,817)
SD153	25th Street Renaissance Project	177,439	-	-	(4,036)	(95,733)	-	77,670
SD156	34th & 35th at Madison Improvements	122,231	-	-	(2,780)	(58,551)	-	60,900
SD157	Cherokee Street Improvements	71,301	-	-	(1,622)	(88,781)	-	(19,102) (m)
SD161	Five Year CIP Programming	586,663	-	-	(13,345)	-	-	573,318 (f)
SD163	Prospect/Silverado Roundabout	784,314	-	-	-	-	-	784,314 (b)(d)
SD166	Minor Bicycle Facilities	13,281	-	-	(302)	-	-	12,979
SD173	38th Street Improvements (ARRA)	-	-	-	(289)	(35,421)	-	(35,710) (b)
SD175	Talbot Street Slope Reconstruction	(25,452)	-	-	579	(15,891)	-	(40,764) (m)
SD178	Pershing/Redwood Drive Improvements	(107,156)	-	-	2,438	(30,613)	-	(135,331) (m)
SD179	Linda Vista Road and Genesee Avenue	71,301	-	-	(1,622)	(55,459)	-	14,220
SD180	Hollister St Widening	201,650	-	-	(4,587)	-	-	197,063 (b)
SD188	Congestion Relief /Traffic Signal Operations	(637,435)	-	-	14,500	(1,223,658)	-	(1,846,593) (m)
SD196	Torrey Pines Improvements Phase I (ARRA)	-	-	-	(488)	(59,775)	-	(60,263) (m)
SD186	Administrative Expenses - Engineering	(87,578)	-	-	1,992	(139,527)	-	(225,113)
SD186	Administrative Expenses - Comptrollers	(101,983)	-	-	2,320	(93,428)	-	(193,091)
	Total SD186 Projects	(189,561)	-	-	4,312	(232,955)	-	(418,204) (m)
	Total Congestion Relief	8,522,597	-	-	(181,290)	(15,054,204)	(1,290,423)	(8,003,320)
	<b>Maintenance:</b>							
SD176	Maintenance	(1,382,586)	-	-	31,451	(6,626,062)	-	(7,977,197) (m)
	Total Maintenance	(1,382,586)	-	-	31,451	(6,626,062)	-	(7,977,197)
	Total Local Street Improvements	7,140,011	-	-	(149,839)	(21,680,266)	(1,290,423)	(15,980,517)
	Total TransNet Extension	7,757,622	-	-	(136,329)	(21,890,859)	(1,290,423)	(15,559,989)
	Total TransNet and TransNet Extension	\$ 31,526,119	\$ 90,280	\$ 346	\$ 269,480	\$ (25,748,991)	\$ -	\$ 6,137,234

CITY OF SAN DIEGO, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
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Notes:

- (a) The project is active, however the City is using *Non-TransNet* source revenues in FY10 and will begin using *TransNet* funding when other sources are depleted.
- (b) The City will obtain council approval for RTIP amendment and/or council report to transfer funds in November 2011 for December 2011 RTIP cycle. (\$33,266 from SD22 to SD104; \$40,712 from SD43 to SD104; \$270,207 from SD44 to SD104; \$238,028 from SD44 to SD112; \$272,733 from SD44 to SD132; \$1,404 from SD44 to SD10; \$8,390 from SD44 to SD181; \$8,081 from SD74 to SD181; \$2,094,548 from SD90 *TransNet* L to SD 90 *TransNet* LSI; \$67,206 from SD124 to SD181; \$63,195 from SD01 to SD132; \$45,552 from SD163 to SD31; \$149,909 from SD163 to SD32; \$25,969 from SD163 to SD86; \$367,271 from SD 163 to SD136; \$89,863 from SD163 to SD09; \$70,040 from SD163 to SD114; \$35,710 from SD163 to SD173; \$197,063 from SD 180 to SD132; program additional \$476,165 for SD132 from increased FY11 revenue estimates).
- (c) Transfer expenditures between *TransNet* L and *TransNet* Ext LSI within same project.
- (d) City Project completed.
- (e) The City will obtain council approval for transfer expenditures between *TransNet* and *TransNet* Ext within same project.
- (f) Project on hold until FY11 or pending additional funding.
- (g) Project on hold until FY11 until project design is identified on sublet projects.
- (h) Funds will be returned to SANDAG by 12/21/2011.
- (i) Project is active expending *TransNet* L funds in FY11.
- (j) The project will be funded by a State Grant.
- (k) Project will be funded by Federal Grant.
- (l) The City will draw down *TransNet* Bike Lane funds council approved R-299059.
- (m) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 2010. Additional funding will be requested now that the City is in compliance with the 30% Rule.
- (n) Resolution #306848 authorizing transfer of funds for pending December RTIP Amendment SD23 SR to SD23 CR.

**SCHEDULE B**

**CITY OF SAN DIEGO, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>						
<b>Major Corridor:</b>						
SD108	Bayshore Bikeway	\$ 3,774,000	\$ 242,239	\$ (3,595,711)	\$ -	\$ 420,528
	Total Major Corridor	<u>3,774,000</u>	<u>242,239</u>	<u>(3,595,711)</u>	<u>-</u>	<u>420,528</u>
<b>Local Street Improvements:</b>						
<b>Congestion Relief:</b>						
SD01	Alvarado Road Realignment	100,000	293	(37,098)	-	63,195
SD06	Aldine Drive Slope Reconstruction	1,825,000	(8,360)	(102,086)	-	1,714,554
SD09	Americans with Disabilities Improvements (ARRA)	-	(1,248)	(152,863)	-	(154,111)
SD09	New Walkways (ARRA)	-	(2,048)	(250,898)	-	(252,946)
SD09	Groveland Street Sidewalk - Southside	350,000	(959)	(9,159)	(349,670)	(9,788)
SD09	No. & So. Side Ridgehaven Ct Sidewalk	-	122	(77,385)	330,501	253,238
	Total SD09 Projects	<u>350,000</u>	<u>(4,133)</u>	<u>(490,305)</u>	<u>(19,169)</u>	<u>(163,607)</u>
SD14	SR 15 Bikeway	40,000	(178)	(56,104)	-	(16,282)
SD14	40th St. Promenade - Mid City Urban Trail	-	-	(29,228)	-	(29,228)
SD14	Cherokee Traffic Calming	-	-	(52,321)	-	(52,321)
	Total SD14 Projects	<u>40,000</u>	<u>(178)</u>	<u>(137,653)</u>	<u>-</u>	<u>(97,831)</u>
SD15	Street Lights - Smart Growth Areas	311,000	(1,425)	(21,267)	-	288,308
SD16A	Traffic Signal Interconnect Projects	100,000	(457)	(1,440)	-	98,103
SD16A	Traffic Signals - Replace Obsolete Controllers	75,000	(344)	-	-	74,656
SD16A	Cooperative Signal Projects	200,000	(916)	-	-	199,084
SD16A	Traffic Signals - Citywide	415,000	(1,401)	(112,280)	-	301,319
SD16A	Traffic Signals - Modifications/Modernization	700,000	(262)	(358,598)	(58,809)	282,331
	Total SD16A Projects	<u>1,490,000</u>	<u>(3,380)</u>	<u>(472,318)</u>	<u>(58,809)</u>	<u>955,493</u>
	Subtotal Congestion Relief	<u>4,116,000</u>	<u>(17,183)</u>	<u>(1,260,727)</u>	<u>(77,978)</u>	<u>2,760,112</u>

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
	Balance carried forward	\$ 4,116,000	\$ (17,183)	\$ (1,260,727)	\$ (77,978)	\$ 2,760,112
SD18	Traffic Control/Calmng Measures - Smart Growth Areas	200,000	(708)	(65,926)	-	133,366
SD19	Streamview Drive	180,000	(825)	-	-	179,175
SD23	Z St Natural Storm Drain	477,000	(1,690)	(1,750)	(1,676,975)	(1,203,415)
SD23	Rowena St Pipeline	-	-	(258,370)	258,370	-
	Total SD23 Projects	477,000	(1,690)	(260,120)	(1,418,605)	(1,203,415)
SD31	Carmel Valley Road	120,000	3,761	(87,205)	(132,108)	(95,552)
SD32	Carroll Cryn Rd Sorrento Valley Rd to I-805	-	20,855	(10,145,719)	-	(10,124,864)
SD34	El Camino Real Road and Bridge Widening	300,000	3,396	(265,640)	190	37,946
SD38	Georgia St Bridge & University Ave	-	925	(108,141)	107,992	776
SD49	Median Installation	300,000	(1,279)	(26,409)	-	272,312
SD51	North Torrey Pines Road Bridge over Los Penasquitos Creek	50,000	1,817	(47,235)	(56,485)	(51,903)
SD70	West Mission Bay Drive Bridge over San Diego River	100,000	(327)	(5,787)	-	93,886
SD83	State Route 163 and Friars Road, Phase I	2,000,000	(9,161)	(386,173)	-	1,604,666
SD86	Famosa Slough Salt Marsh Restoration	24,000	483	(40,691)	(9,762)	(25,970)
SD90	Clairemont Mesa/SR163	1,000,000	(3,649)	(417,120)	-	579,231
SD92	El Cajon Blvd Revitalization Texas to Illinois	-	690	-	(30,353)	(29,663)
SD92	Mid-City Transit Gateway	-	897	-	(39,415)	(38,518)
SD92	Washington St @ India St Median Improvement	-	-	(11,723)	-	(11,723)
SD92	Azalea Park Artistic Enhancement	-	-	(30,173)	-	(30,173)
SD92	Washington / Goldfinch Intersection Improvements	-	2,047	(50,000)	(72,838)	(120,791)
SD92	Azalea Park Rdway Improvements and Neighborhood ID	150,000	62	(15,766)	(17,162)	117,134
	Total SD92 Projects	150,000	3,696	(107,662)	(159,768)	(113,734)
SD97	School Traffic Safety Improvements	329,900	(1,152)	(67,153)	-	261,595
	Subtotal Congestion Relief	9,346,900	(1,041)	(13,291,708)	(1,746,524)	(5,692,373)

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
	Balance carried forward	\$ 9,346,900	\$ (1,041)	\$ (13,291,708)	\$ (1,746,524)	\$ (5,692,373)
SD99	Bridge Rehabilitation	100,000	252	(34,064)	(781)	65,407
SD99	Bridge Rehabilitation - Morena Blvd Bridge	-	18	(797)	781	2
	Total SD99 Projects	100,000	270	(34,861)	-	65,409
SD102A	Otay Mesa Truck Route Phase 3	-	-	(62,099)	-	(62,099)
SD114	Rose Creek Bikeway	-	(567)	(69,473)	-	(70,040)
SD120	San Diego River Multi-Use Bicycle & Pedestrian Path	320,000	3,187	(389,407)	(589)	(66,809)
SD127	Shoal Creek Pedestrian Bridge	30,000	545	(30,000)	-	545
SD127	Shoal Creek Pedestrian Bridge	-	(621)	(76,106)	-	(76,727)
	Total SD127 Projects	30,000	(76)	(106,106)	-	(76,182)
SD129	University Avenue Mobility Project	200,000	(262)	(101,396)	-	98,342
SD130	Skyline Drive Improvement from Sears Ave to 58th St.	-	2,675	(481,140)	-	(478,465)
SD132	Bird Rock Coastal Traffic Flow Improvements	-	15,522	(751,945)	-	(736,423)
SD133	Mira Sorrento Place (Biological Monitoring)	60,000	(275)	(2,414)	-	57,311
SD136	Ocean Beach / Hotel Circle	-	-	(367,271)	-	(367,271)
SD137	Palm Avenue Roadway Improvements	269,000	(365)	(157,622)	-	111,013
SD139	Laurel Street (Cabrillo) Bridge over Highway 163	50,000	(1,159)	929	-	49,770
SD153	25th Street Renaissance Project	200,000	(318)	(122,012)	-	77,670
SD156	34th & 35th at Madison Improvements	120,000	(549)	(58,551)	-	60,900
SD157	Cherokee Street Improvements	70,000	(321)	(88,781)	-	(19,102)
SD161	Five Year CIP Programming	575,956	(2,638)	-	-	573,318
SD163	Prospect/Silverado Roundabout	770,000	14,314	-	-	784,314
SD166	Minor Bicycle Facilities	15,000	(23)	(1,998)	-	12,979
SD173	38th Street Improvements (ARRA)	-	(289)	(35,421)	-	(35,710)
SD175	Talbot Street Slope Reconstruction	-	579	(41,343)	-	(40,764)
SD178	Pershing/Redwood Drive Improvements	-	2,438	(137,769)	-	(135,331)
SD179	Linda Vista Road and Genesee Avenue	70,000	(321)	(55,459)	-	14,220
	Subtotal Congestion Relief	12,196,856	30,781	(16,355,847)	(1,747,113)	(5,875,323)

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
	Balance carried forward	\$ 12,196,856	\$ 30,781	\$ (16,355,847)	\$ (1,747,113)	\$ (5,875,323)
SD180	Hollister St Widening	200,000	(869)	(2,068)	-	197,063
SD188	Congestion Relief /Traffic Signal Operations	1,368,700	39,944	(3,255,237)	-	(1,846,593)
SD196	Torrey Pines Improvements Phase I (ARRA)	-	(488)	(59,775)	-	(60,263)
SD186	Administrative Expenses - Engineering	86,508	431	(312,052)	-	(225,113)
SD186	Administrative Expenses - Comptrollers	-	2,320	(195,411)	-	(193,091)
	Total SD186 Projects	86,508	2,751	(507,463)	-	(418,204)
	Total Congestion Relief	13,852,064	72,119	(20,180,390)	(1,747,113)	(8,003,320)
	<b>Maintenance:</b>					
SD176	Maintenance	6,217,439	47,917	(14,242,553)	-	(7,977,197)
	Total Maintenance	6,217,439	47,917	(14,242,553)	-	(7,977,197)
	Total Local Street Improvements	20,069,503	120,036	(34,422,943)	(1,747,113)	(15,980,517)
	<b>Completed Projects:</b>					
	Local Street Improvements:					
	Congestion Relief:	84,269	-	(84,269)	-	-
	Total Cumulative <i>TransNet</i> Extension	\$ 23,927,772	\$ 362,275	\$ (38,102,923)	\$ (1,747,113)	\$ (15,559,989)

CITY OF SAN DIEGO, CALIFORNIA  
TransNet Extension Activities  
RTCIP Schedule  
Year Ended June 30, 2010

<u>Project Name</u>	<u>Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Status June 30, 2010</u>
Year ended June 30, 2009	\$ 571,997	\$ -	\$ 8,888	\$ (26,457)	\$ -	\$ 554,428
Year ended June 30, 2010	-	862,805	13,333	-	-	876,138
Total RTCIP Funds	<u>\$ 571,997</u>	<u>\$ 862,805</u>	<u>\$ 22,221</u>	<u>\$ (26,457)</u>	<u>\$ -</u>	<u>\$ 1,430,566</u>

**CITY OF SAN MARCOS, CALIFORNIA**

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

Year Ended June 30, 2010





**Mayer Hoffman McCann P.C.**

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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 Marcos, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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: The City maintains a separate fund for its *TransNet* revenues. No exceptions were noted as a result of our procedures.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - i. We reviewed the interest income reported on the Schedule A and agreed it to the *TransNet* general ledger.

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

- ii. We ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.
  - i. We reviewed the total project expenditures 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 selected individual expenditures for testing that comprised 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 \$852,394. We selected \$377,376 (44.27%) 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 were charged and determined if the MPO ID is included in the RTIP (see step 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.

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$1,448,549
Less: debt service payment	<u>          -</u>
Net estimated apportionment	1,448,549
30% base	<u>          30%</u>
Fiscal year 2010 30% threshold	434,565
Less: fund balance per Schedule A	<u>(96,467)</u>
Fund balance under apportionment	<u>\$ 338,098</u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$5,277,365
Less MOE base year requirement	<u>(4,803,743)</u>
Excess MOE for the year ended June 30, 2010	<u>\$ 473,622</u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are 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. We determined whether the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

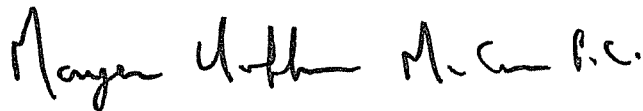
Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has been resolved. No exceptions were noted as a result of our procedures.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

We were not engaged to, and did not perform 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  
October 18, 2010



**CITY OF SAN MARCOS, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
SM24	8005	Woodland Parkway Interchange Improvements	\$ 154,745	\$ -	\$ -	\$ (154,745)	\$ -	\$ -	(a)
SM28	8198	Twin Oaks Valley Rd. Street Widening and Improvements	629,328	-	5,639	(12,190)	-	622,777	
SM30	8205	San Marcos Blvd. Street Improvement Project	<u>120,527</u>	<u>-</u>	<u>1,101</u>	<u>-</u>	<u>-</u>	<u>121,628</u>	
Total Local Streets and Roads			<u>904,600</u>	<u>-</u>	<u>6,740</u>	<u>(166,935)</u>	<u>-</u>	<u>744,405</u>	
Total TransNet			<u>\$ 904,600</u>	<u>\$ -</u>	<u>\$ 6,740</u>	<u>\$ (166,935)</u>	<u>\$ -</u>	<u>\$ 744,405</u>	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
SM23	8163	Barham Drive Widening	\$ 16,170	\$ -	\$ 148	\$ -	\$ -	\$ 16,318	
SM28	8198	Twin Oaks Valley Rd. Street Widening and Improvements	21,000	-	192	-	-	21,192	(c)
SM36	8213	Rock Springs-Richland/Woodland	<u>-</u>	<u>-</u>	<u>-</u>	<u>(685,448)</u>	<u>-</u>	<u>(685,448)</u>	(b)
Total Congestion Relief			<u>37,170</u>	<u>-</u>	<u>340</u>	<u>(685,448)</u>	<u>-</u>	<u>(647,938)</u>	
<b>Bikes and Pedestrian:</b>									
V01	8162	Bike Path/Rail Trail Phase II	<u>60,149</u>	<u>-</u>	<u>550</u>	<u>(11)</u>	<u>-</u>	<u>60,688</u>	
Total Bikes and Pedestrian			<u>60,149</u>	<u>-</u>	<u>550</u>	<u>(11)</u>	<u>-</u>	<u>60,688</u>	
Total TransNet Extension			<u>\$ 97,319</u>	<u>\$ -</u>	<u>\$ 890</u>	<u>\$ (685,459)</u>	<u>\$ -</u>	<u>\$ (587,250)</u>	
Total TransNet and TransNet Extension			<u>\$ 1,001,919</u>	<u>\$ -</u>	<u>\$ 7,630</u>	<u>\$ (852,394)</u>	<u>\$ -</u>	<u>\$ 157,155</u>	

Notes:

- (a) Project completed.
- (b) Funding will be requested in FY 2011 to remove the deficit.
- (c) Although there has been no activity on this project for the past 2 years, the City plans to spend this balance in FY 2011.

**CITY OF SAN MARCOS, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

<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, 2010</u>
<b>TransNet Extension:</b>							
<b>Local Street Improvements:</b>							
<b>Congestion Relief:</b>							
SM23	8163	Barham Drive Widening	\$ 1,000,000	\$ 148	\$ (983,830)	\$ -	\$ 16,318
SM28	8198	Twin Oaks Valley Rd. Street Widening and Improvements	21,000	192	-	-	21,192
SM36	8213	Rock Springs-Richland/Woodland	-	-	(769,520)	84,072	(685,448)
		<b>Total Congestion Relief</b>	<u>1,021,000</u>	<u>340</u>	<u>(1,753,350)</u>	<u>84,072</u>	<u>(647,938)</u>
<b>Bikes and Pedestrian:</b>							
V01	8162	Bike Path/Rail Trail Phase II	<u>132,414</u>	<u>1,668</u>	<u>(73,394)</u>	<u>-</u>	<u>60,688</u>
		<b>Total Bikes and Pedestrian</b>	<u>132,414</u>	<u>1,668</u>	<u>(73,394)</u>	<u>-</u>	<u>60,688</u>
		<b>Total TransNet Extension</b>	<u>\$ 1,153,414</u>	<u>\$ 2,008</u>	<u>\$ (1,826,744)</u>	<u>\$ 84,072</u>	<u>\$ (587,250)</u>

**CITY OF SAN MARCOS, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2010

Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Project Status June 30, 2010
Year ended June 30, 2009	\$ 14,101	\$ -	\$ 284	\$ -	\$ -	\$ 14,385
Year ended June 30, 2010	-	2,040	-	-	-	2,040
Total RTCIP Funds	<u>\$ 14,101</u>	<u>\$ 2,040</u>	<u>\$ 284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,425</u>

**SAN DIEGO ASSOCIATION OF GOVERNMENTS  
SAN DIEGO, CALIFORNIA**

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

Year Ended June 30, 2010



**Mayer Hoffman McCann P.C.**

An Independent CPA Firm

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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 Association of Governments (SANDAG) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 expenditures in the amount of \$155,019,648. We selected \$39,763,758 (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 determine if the MPO ID is included in the RTIP (see step 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.

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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



8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for SANDAG.

Results: This procedure is not applicable for SANDAG.

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

Results: This procedure is not applicable for SANDAG.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

- a. We obtained a general ledger for the RTCIP fund from SANDAG.
- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from SANDAG.
- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from SANDAG. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.
  - i. We determined that SANDAG is using the most current approved fee amount.
  - ii. We inquired of management as to whether procedures are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.
  - v. We reviewed and ensured that the City and the County of San Diego provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management and ensured

that procedures exist to ensure all qualified properties are included in the program.

- vi. We identified interest income for the fiscal year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

Results: These procedures are not applicable as SANDAG is not a local agency as identified in Section 9 of the Extension Ordinance.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for SANDAG.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

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

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

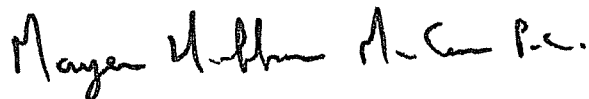
Results: No findings and recommendations were noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included SANDAG's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on SANDAG'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  
November 30, 2010

**SCHEDULE A**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Project Status	Funds	Project	Agency	Project	Project	Notes
			July 1, 2009	Received	Expenditures	Adjustments	Expenditures	Status June 30, 2010	
<b>TransNet:</b>									
<b>Highways:</b>									
SAN04	3310400	I-15 Violation Enforcement Study	\$ -	\$ 37,114	\$ (37,114)	\$ -	\$ -	\$ -	(a)
SAN54	3310500	511 ATIS	-	486	(486)	-	-	-	
SAN54	3310501	ATIS SD Region	-	1,027	(1,027)	-	-	-	
SAN54	3310504	ATIS Corridorwide CVO	-	21,315	(21,315)	-	-	-	
SAN54	3310900	IMTMS	-	14,825	(14,825)	-	-	-	
SAN54	3311100	Regional ITS Project Mgmt	-	28,294	(28,294)	-	-	-	
		Total SAN54 Projects	-	65,947	(65,947)	-	-	-	
		Total Highways	-	103,061	(103,061)	-	-	-	
<b>Transit:</b>									
10403		Santee LRT Extension	-	1,492	(1,492)	-	-	-	
10416		Mission Valley West LRT Extension	-	13,545	(13,545)	-	-	-	
1095400		LFV Station Platform Retrofit	-	659,157	(659,157)	-	-	-	
		Total Transit	-	674,194	(674,194)	-	-	-	
		<b>Total TransNet</b>	\$ -	\$ 777,255	\$ (777,255)	\$ -	\$ -	\$ -	
<b>TransNet Extension:</b>									
<b>Administration:</b>									
		SANDAG 1% Administration	\$ -	\$ 1,997,922	\$ (1,997,922)	\$ -	\$ -	\$ -	
		Total Administration	-	1,997,922	(1,997,922)	-	-	-	(b)
<b>Bike, Pedestrian &amp; Neighborhood</b>									
<b>Safety (BPNS) - Pass Through:</b>									
NC11	1223001	SWater River Bike Path Gap	-	694	(694)	-	-	-	
VISTA36	1223004	Boys & Girls Club Sidewalk	-	6,466	(6,466)	-	-	-	
SNT30	1223005	Carlton Oaks Dr. Bike Lanes	-	30,200	(30,200)	-	-	-	
SM37	1223007	Barham Dr. Urban Trail Imp	-	11,786	(11,786)	-	-	-	
		Total BPNS - Pass Through	-	49,146	(49,146)	-	-	-	
		Subtotal TransNet Extension	-	2,047,068	(2,047,068)	-	-	-	

**SCHEDULE A**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2010	Notes
			\$ -	\$ 2,047,068	\$ (2,047,068)	\$ -	\$ -	
		Balance carried forward	\$ -	\$ 2,047,068	\$ (2,047,068)	\$ -	\$ -	
		<b>BPNS:</b>						
NC11	1223001	SWater River Bike Path Gap	-	115,278	(115,278)	-	-	
SAN40	3300300	TDA/TN Bike, Ped, Neighborhood	-	17,000	(17,000)	-	-	
SAN50	3310706	Regional Bicycle Locker Program	-	15,039	(15,039)	-	-	
SAN81	75067/11437	Bayshore Bikeway - Main to 32nd	-	418,122	(418,122)	-	-	
SAN102	75067/11437	Bayshore Bikeway - Segments 7 & 8	-	89,908	(89,908)	-	-	
		Total BPNS	-	655,347	(655,347)	-	-	
		<b>Senior Services - Pass Through:</b>						
LAM27	1270400	La Mesa - Rides4Neighbors	-	17,834	(17,834)	-	-	
NCTD34	1270100	NCTD - Mobility/Travel Training Program	-	68,408	(68,408)	-	-	
O21	1270500	Oceanside - Solutions for Seniors on the Go	-	63,149	(63,149)	-	-	
SAN70	1271000	Jewish Family Services - Rides & Smiles	-	78,587	(78,587)	-	-	
SAN85	1270200	All Congregations Together - ComLink Transportation	-	102,982	(102,982)	-	-	
SAN86	1270300	Alpha Project - Senior Transportation Program	-	182,881	(182,881)	-	-	
SAN87	1270700	Elderhelp - Volunteer Driver Program	-	99,101	(99,101)	-	-	
SAN89	1270900	Independent Transportation Network San Diego	-			-	-	
		Volunteer Driver Program	-	47,220	(47,220)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	40,530	(40,530)	-	-	
SAN91	1271200	Redwood Elderlink	-	45,735	(45,735)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	36,688	(36,688)	-	-	
VISTA35	1270600	Out & About Vista	-	75,847	(75,847)	-	-	
		Total Senior Services - Pass Through	-	858,962	(858,962)	-	-	
		<b>Senior Services:</b>						
SAN40	3320100	Short Range Transit Svc Activities	-	42,000	(42,000)	-	-	
SAN85	3320800	New Freedom Match Pass Through	-	10,919	(10,919)	-	-	
		Total Senior Services	-	52,919	(52,919)	-	-	
		Subtotal TransNet Extension	-	3,614,296	(3,614,296)	-	-	

**SCHEDULE A**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2009</u>	<u>Funds Received</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2010</u>	<u>Notes</u>
			\$ -	\$ 3,614,296	\$ (3,614,296)	\$ -	\$ -	
		<b>Balance carried forward</b>						
		<b>Smart Growth - Pass Through:</b>						
CHV63	1224002	Palomar Gateway Spec Plan/EIR	-	44,332	(44,332)	-	-	
LG19	1224008	Lemon Grove Trolley Plaza	-	518,740	(518,740)	-	-	
CHV49	1224013	3rd Ave Streetscape Implem	-	260,000	(260,000)	-	-	
		<b>Total Smart Growth - Pass Through</b>	-	<b>823,072</b>	<b>(823,072)</b>	-	-	
		<b>Smart Growth:</b>						
SAN40	3300100	Smart Growth Incentive Program	-	50,000	(50,000)	-	-	
		<b>Total Smart Growth</b>	-	<b>50,000</b>	<b>(50,000)</b>	-	-	
		<b>Transit System Improvements - Pass Through:</b>						
SAN43A		Reduced Price Subsidy - Pass Through	-	5,500,000	(5,500,000)	-	-	
		<b>Total Transit System Improvements - Pass Through</b>	-	<b>5,500,000</b>	<b>(5,500,000)</b>	-	-	
		<b>Regional Environmental Mitigation Program (EMP) - Pass Through:</b>						
V07	12002xx	Caltrans	-	2,052,412	(2,052,412)	-	-	
		<b>Total Regional EMP - Pass Through</b>	-	<b>2,052,412</b>	<b>(2,052,412)</b>	-	-	
		<b>EMP:</b>						
V07	12002xx	Biological Mitigation	-	14,396,525	(14,396,525)	-	-	
V08	12003xx	Regional Habitat Conservation Fund	-	2,935,084	(2,935,084)	-	-	
		<b>Total Regional EMP</b>	-	<b>17,331,609</b>	<b>(17,331,609)</b>	-	-	
		<b>Subtotal TransNet Extension</b>	-	<b>29,371,389</b>	<b>(29,371,389)</b>	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2010	Notes
		Balance carried forward	\$ -	\$ 29,371,389	\$ (29,371,389)	\$ -	\$ -	
		<b>Major Corridor - Pass Through:</b>						
CAL09	1200501/4	I-5 - HOV Managed Lanes	-	5,475,000	(3,000,000)	(2,475,000)	-	(c)
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	-	(4,441,100)	-	4,441,100	-	(c)
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	6,277,600	(3,701,000)	(2,576,600)	-	(c)
CAL18	1201502	I-15 Managed Lanes-Middle Segment	-	1,793,200	(1,381,000)	(412,200)	-	(c)
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	5,380,000	(5,380,000)	-	-	(c)
CAL18B	1201501/6	I-15 ML-S. Segment and Mira Mesa Transit Center	-	(1,508,000)	(810,000)	2,318,000	-	(c)
CAL26	1205203	State Route 52 Freeway (E&F)	-	(109,700)	(11,810,000)	11,919,700	-	(c)
CAL26B	1205202	SR 52 Aux Lanes, Truck Lane, and Inside Widening	-	2,398,347	(883,847)	(1,514,500)	-	(c)
CAL29	1207602	SR 76 Middle	-	12,654,915	(6,774,715)	(5,880,200)	-	(c)
CAL29B	1207606	SR 76 East	-	725,000	(125,000)	(600,000)	-	(c)
CAL38	1290501	SR-905 New Freeway	-	195,000	(195,000)	-	-	(c)
CAL78B	1280503	I-805 HOV/Managed Lanes - North	-	1,035,000	(1,035,000)	-	-	(c)
CAL78C	1280501	I-805 HOV/Managed Lanes - South	-	6,900,000	(1,700,000)	(5,200,000)	-	(c)
CAL120	1201510	SR 78 Auxiliary Lanes	-	570,000	(570,000)	-	-	(c)
NCTD16	1230001	Oceanside-Escondido Rail Project	-	7,234,611	(7,234,611)	-	-	(c)
SAN04	1201504	I-15 Managed Lane/Value Pricing	-	15,300	-	(15,300)	-	(c)
SAN26	1201505	I-15 BRT Transit Stations	-	25,000	(20,000)	(5,000)	-	(c)
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	-	240,000	(240,000)	-	-	(c)
SAN47	1280504	South Bay BRT	-	100,000	(100,000)	-	-	(c)
	1200100	TransNet EAP Program Mgmt	-	180,000	(180,000)	-	-	(d)
		Total Major Corridor - Pass Through	-	45,140,173	(45,140,173)	-	-	
		<b>Major Corridor:</b>						
CAL09	1200501/4	Interstate 5 - HOV Managed Lanes	-	2,434,011	(2,434,011)	-	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	-	104,082	(104,082)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	349,547	(349,547)	-	-	
CAL18	1201502	I-15 Managed Lanes-Middle Segment	-	64,217	(64,217)	-	-	
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	4,062,495	(4,062,495)	-	-	
CAL18B	1201501/6	I-15 Managed Lanes-South Segment	-	3,366,199	(3,366,199)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	2,682,375	(2,682,375)	-	-	
		Subtotal Major Corridor	-	13,062,926	(13,062,926)	-	-	
		Subtotal TransNet Extension	-	87,574,488	(87,574,488)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2010	Notes
			\$	\$	\$	\$	\$	
		TransNet Extension balance carried forward	-	87,574,488	(87,574,488)	-	-	
		Major Corridor balance carried forward	-	13,062,926	(13,062,926)	-	-	
CAL26B	1205202	SR 52 Truck Lane	-	89,261	(89,261)	-	-	
CAL29	1207602	SR 76 Middle	-	2,781,128	(2,781,128)	-	-	
CAL29B	1207606	SR 76 East	-	992,959	(992,959)	-	-	
CAL38	1390501	SR-905 New Freeway	-	227	(227)	-	-	
CAL67	1280508	SR 94 Widening	-	17,192	(17,192)	-	-	
CAL78B	1280503	I-805 HOV/Managed Lanes - North	-	83,152	(83,152)	-	-	
CAL78C	1280501/10	I-805 HOV/Managed Lanes - South	-	1,188,303	(1,188,303)	-	-	
CAL120	1201510	SR 78 Auxiliary Lanes	-	70,443	(70,443)	-	-	
SAN04	1201504	I-15 Managed Lane/Value Pricing	-	2,593,612	(2,593,612)	-	-	
SAN22	1145700	Automated Fare Collection	-	1,597,419	(1,597,419)	-	-	
SAN23	1041501	Mid-Coast Corridor Project	-	64,185	(64,185)	-	-	
SAN26	1201505	I-15 BRT Transit Stations	-	351,125	(351,125)	-	-	
SAN26A	1201508	I-15 BRT Operations and Vehicles	-	107,012	(107,012)	-	-	
SAN26C	1201507	I-15 BRT Transit Stations - South	-	1,209,971	(1,209,971)	-	-	
SAN27	13006	San Ysidro Intermodal Freight Facility/S Line Rail	-	1,026,781	(1,026,781)	-	-	
SAN46	1041502	Mid-Coast Super Loop	-	1,368,348	(1,368,348)	-	-	
SAN47	1280504	South Bay BRT	-	1,360,155	(1,360,155)	-	-	
SAN54	3311000	ITS Operations	-	468,808	(468,808)	-	-	
SAN66	1210001/10/30/40/70/ 10416/1220001	Blue Line Upgrade	-	2,555,250	(2,555,250)	-	-	
SAN67	1210002/80	Low Floor Vehicles	-	43,514,530	(43,514,530)	-	-	
SAN68	1280507	Vehicle Assist and Automation/Bus on Shoulder Serv	-	26,935	(26,935)	-	-	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	75,523	(75,523)	-	-	
SAN74	1143300	Escondido Bus Rapid Transit	-	1,188,420	(1,188,420)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	985,885	(985,885)	-	-	
SAN79	1142500/3401	Centralized Train Control/TLSP-At Grade Xing	-	1,596,331	(1,596,331)	-	-	
SAN116	1239803	Oceanside Station Stub Tracks	-	308,881	(308,881)	-	-	
SAN117	1239805	Poinsettia Run Through Track	-	294,653	(294,653)	-	-	
SAN119	1239807	Sorrento Valley Double Track	-	494,202	(494,202)	-	-	
		Subtotal Major Corridor	-	79,473,617	(79,473,617)	-	-	
		Subtotal TransNet Extension	-	153,985,179	(153,985,179)	-	-	



SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2010	Notes
		TransNet Extension balance carried forward	\$ -	\$ 153,985,179	\$ (153,985,179)	\$ -	\$ -	
		Major Corridor balance carried forward	-	79,473,617	(79,473,617)	-	-	
SAN120	1239808	Tecolote-Washington Crossovers	-	173,225	(173,225)	-	-	
SAN121	1239804	Carlsbad Double Track	-	79,098	(79,098)	-	-	
SAN123	1143200	University Town Center (UTC) Transit Center	-	4,891	(4,891)	-	-	
		Total Major Corridor	-	79,730,831	(79,730,831)	-	-	
		<b>Total TransNet Extension</b>	\$ -	\$ 154,242,393	\$ (154,242,393)	\$ -	\$ -	
		<b>Total TransNet and TransNet Extension</b>	\$ -	\$ 155,019,648	\$ (155,019,648)	\$ -	\$ -	

Notes:

- (a) This project was incorrectly funded by Highways and will be moved to Major Corridors in FY 2011.
- (b) SANDAG 1% Administration also includes Overall Work Program Planning efforts and Board of Director expenditures.
- (c) MC - Pass through agency adjustment per Caltrans. Distribute excess cash on hand to balance projects. See Caltrans TransNet audit report for detailed explanation.
- (d) The budget for TransNet EAP Program Mgmt is built into individual capital projects, there is no MPO ID.

**SCHEDULE B**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**

TransNet Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>						
<b>Administration:</b>						
		SANDAG 1% Administration	\$ 4,202,922	\$ (4,202,922)	\$ -	\$ -
		Total Administration	4,202,922	(4,202,922)	-	-
<b>Bike, Pedestrian &amp; Neighborhood Safety (BPNS) - Pass Through:</b>						
NC11	1223001	SWater River Bike Path Gap	694	(694)	-	-
VISTA36	1223004	Boys & Girls Club Sidewalk	6,466	(6,466)	-	-
SNT30	1223005	Carlton Oaks Dr. Bike Lanes	30,200	(30,200)	-	-
SM37	1223007	Barham Dr. Urban Trail Imp	11,786	(11,786)	-	-
		Total BPNS - Pass Through	49,146	(49,146)	-	-
<b>BPNS:</b>						
NC11	1223001	SWater River Bike Path Gap	115,278	(115,278)	-	-
SAN40	3300300	TDA/TN Bike, Ped, Neighborhood	17,000	(17,000)	-	-
SAN50	3310706	Regional Bicycle Locker Program	15,039	(15,039)	-	-
SAN81	75067/11437	Bayshore Bikeway - Main to 32nd	450,000	(450,000)	-	-
SAN102	75067/11437	Bayshore Bikeway - Segments 7 & 8	89,908	(89,908)	-	-
		Total BPNS	687,225	(687,225)	-	-
<b>Senior Services - Pass Through:</b>						
LAM27	1270400	La Mesa - Rides4Neighbors	17,834	(17,834)	-	-
NCTD34	1270100	NCTD - Mobility/Travel Training Program	97,607	(97,607)	-	-
O21	1270500	Oceanside - Solutions for Seniors on the Go	63,149	(63,149)	-	-
SAN70	1271000	Jewish Family Services - Rides & Smiles	111,177	(111,177)	-	-
SAN85	1270200	All Congregations Together - ComLink Transportation	119,515	(119,515)	-	-
SAN86	1270300	Alpha Project - Senior Transportation Program	194,695	(194,695)	-	-
SAN87	1270700	Elderhelp - Volunteer Driver Program	144,590	(144,590)	-	-
SAN89	1270900	Independent Transportation Network San Diego - Volunteer Driver Program	75,000	(75,000)	-	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	43,306	(43,306)	-	-
SAN91	1271200	Redwood Elderlink	45,735	(45,735)	-	-
SAN92	1271300	Travelers Aid Society - SeniorRide	36,688	(36,688)	-	-
VISTA35	1270600	Out & About Vista	75,847	(75,847)	-	-
		Total Senior Services - Pass Through	1,025,143	(1,025,143)	-	-
		Subtotal Cumulative TransNet Extension	5,964,436	(5,964,436)	-	-

(Continued)

**SCHEDULE B**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2010
		Cumulative <i>TransNet</i> Extension balance carried forward	\$ 5,964,436	\$ (5,964,436)	\$	\$
		<b>Senior Services:</b>				
SAN40	3320100	Short Range Transit Svc Activities	42,000	(42,000)	-	-
SAN85	3320800	New Freedom Match Pass Through	10,919	(10,919)	-	-
		Total Senior Services	52,919	(52,919)	-	-
		<b>Smart Growth - Pass Through:</b>				
CHV63	1224002	Palomar Gateway Spec Plan/EIR	44,332	(44,332)	-	-
LG19	1224008	Lemon Grove Trolley Plaza	518,740	(518,740)	-	-
CHV49	1224013	3rd Ave Streetscape Implem	260,000	(260,000)	-	-
		Total Smart Growth - Pass Through	823,072	(823,072)	-	-
		<b>Smart Growth:</b>				
SAN40	3300100	Smart Growth Incentive Program	50,000	(50,000)	-	-
		Total Smart Growth	50,000	(50,000)	-	-
		<b>Transit System Improvements - Pass Through:</b>				
SAN43A		Reduced Price Subsidy - Pass Through	11,000,000	(11,000,000)	-	-
		Total Transit System Improvements - Pass Through	11,000,000	(11,000,000)	-	-
		Subtotal Cumulative <i>TransNet</i> Extension	17,890,427	(17,890,427)	-	-

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2010
		Cumulative <i>TransNet</i> Extension balance carried forward	\$ 17,890,427	\$(17,890,427)	\$ -	\$ -
V07	12002xx	<b>Regional Environmental Mitigation Program (EMP) - Pass Through:</b>	30,476,000	(46,599,000)	16,123,000	-
		Caltrans				
		Total Regional EMP - Pass Through	30,476,000	(46,599,000)	16,123,000	-
		<b>EMP:</b>				
V07	12002xx	Biological Mitigation	25,125,036	(25,624,008)	498,972	-
V08	12003xx	Regional Habitat Conservation Fund	6,491,143	(6,491,143)	-	-
		Total Regional EMP	31,616,179	(32,115,151)	498,972	-
		<b>Major Corridor - Pass Through</b>				
CAL09	1200501/04	I-5 - HOV Managed Lanes	11,778,550	(9,303,550)	(2,475,000)	-
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	14,505,455	(18,946,555)	4,441,100	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	12,742,600	(10,166,000)	(2,576,600)	-
CAL18	1201502	I-15 Managed Lanes-Middle Segment	5,036,000	(4,623,800)	(412,200)	-
CAL18A	1201503	I-15 Managed Lanes-North Segment	21,929,259	(21,929,259)	-	-
CAL18B	1201501/06	I-15 ML-S. Segment and Mira Mesa Transit Center	20,596,480	(23,414,480)	2,818,000	-
CAL26	1205203	State Route 52 Freeway (E&F)	59,695,352	(71,615,052)	11,919,700	-
CAL26A	1205201	SR 52 HOV/Managed Lanes	3,089,451	(2,579,451)	(510,000)	-
CAL26B	1205202	SR 52 Aux Lanes, Truck Lane, and Inside Widening	27,672,347	(26,157,847)	(1,514,500)	-
CAL26C	1205202	SR 52 Truck Lane	3,972,833	(3,972,833)	-	-
CAL29	1207602	SR 76 Middle	36,839,029	(14,845,829)	(21,993,200)	-
CAL29B	1207606	SR 76 East	1,535,000	(935,000)	(600,000)	-
CAL38	1390501	SR-905 New Freeway	195,000	(195,000)	-	-
CAL78	1280501/50	I-805 HOV/Managed Lanes	6,589,411	(6,589,411)	-	-
CAL78B	1280503	I-805 HOV/Managed Lanes - North	2,837,000	(2,837,000)	-	-
CAL78C	1280501	I-805 HOV/Managed Lanes - South	6,900,000	(1,700,000)	(5,200,000)	-
CAL120	1201510	SR 78 Auxiliary Lanes	570,000	(570,000)	-	-
NCTD16	1230001	North County Transit District	65,304,611	(65,304,611)	-	-
SAND4	1201504	I-15 Managed Lane/Value Pricing	235,300	(220,000)	(15,300)	-
		Subtotal Major Corridor - Pass Through	302,023,678	(285,905,678)	(16,118,000)	-
		Subtotal Cumulative <i>TransNet</i> Extension	382,006,284	(382,510,256)	503,972	-

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

<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, 2010</u>
			\$	\$(382,510,256)	\$ 503,972	\$ -
		Cumulative <i>TransNet</i> Extension balance carried forward	\$ 382,006,284	\$(382,510,256)	\$ 503,972	\$ -
		Major Corridor - Pass Through balance carried forward	302,023,678	(285,905,678)	(16,118,000)	-
SAN26	1201505	I-15 BRT Transit Stations	125,000	(120,000)	(5,000)	-
SAN26B	1201507	I-15 BRT Downtown Transit Stations	135,000	(135,000)	-	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	310,000	(310,000)	-	-
SAN47	1280504	South Bay BRT	200,000	(200,000)	-	-
SAN75	1201507	I-15 BRT Transit Stations	10,000	(10,000)	-	-
	1200100	TransNet EAP Program Mgmt	216,000	(216,000)	-	-
		Total Major Corridor - Pass Through	303,019,678	(286,896,678)	(16,123,000)	-
		<b>Major Corridor:</b>				
CAL09	1200501/4	Interstate 5 - HOV Managed Lanes	6,360,267	(6,360,267)	-	-
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	590,702	(590,702)	-	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	3,720,391	(3,720,391)	-	-
CAL18	1201502	I-15 Managed Lanes-Middle Segment	1,050,782	(1,050,782)	-	-
CAL18A	1201503	I-15 Managed Lanes-North Segment	11,702,903	(11,702,903)	-	-
CAL18B	1201501/6	I-15 Managed Lanes-South Segment	15,798,411	(15,798,411)	-	-
CAL26	1205203	State Route 52 Freeway (E&F)	14,509,944	(14,509,944)	-	-
CAL26A	1205201	SR 52 HOV/Managed Lanes	2,978,559	(2,978,559)	-	-
CAL26B	1205202	SR 52 Truck Lane	285,129	(285,129)	-	-
CAL26C	1205202	SR 52 Truck Lane	(76,122)	73,242	2,880	-
CAL29	1207602	SR 76 Middle	5,973,784	(5,474,812)	(498,972)	-
CAL29B	1207606	SR 76 East	4,793,905	(4,793,905)	-	-
CAL38	1390501	SR-905 New Freeway	837,372	(837,372)	-	-
CAL67	1280508	SR 94 Widening	17,192	(17,192)	-	-
CAL78	1280503	I-805 HOV/Managed Lanes - North	4,040,293	(4,037,413)	(2,880)	-
CAL78B	1280503	I-805 HOV/Managed Lanes - North	1,385,743	(1,385,743)	-	-
CAL78C	1280501/10	I-805 HOV/Managed Lanes - South	6,970,315	(6,970,315)	-	-
CAL120	1201510	SR 78 Auxiliary Lanes	70,443	(70,443)	-	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	12,702,467	(12,702,467)	-	-
SAN22	1145700	Automated Fare Collection	7,300,000	(7,300,000)	-	-
SAN23	1041501	Mid-Coast Corridor Project	64,185	35,488	(99,673)	-
		Subtotal Major Corridor	101,076,665	(100,478,020)	(598,645)	-
		Subtotal Cumulative <i>TransNet</i> Extension	484,078,949	(483,979,276)	(99,673)	-

**SCHEDULE B**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 (Continued)

<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, 2010</u>
		<i>TransNet</i> Extension balance carried forward	\$ 484,078,949	\$(483,979,276)	\$ (99,673)	\$ -
		Major Corridor balance carried forward	101,076,665	(100,478,020)	(598,645)	-
SAN26	1201505	I-15 BRT Transit Stations	1,769,560	(1,769,560)	-	-
SAN26A	1201508	I-15 BRT Operations and Vehicles	1,367,179	(1,367,179)	-	-
SAN26C	1201507	I-15 BRT Transit Stations - South	1,396,793	(1,396,793)	-	-
SAN27	13006	San Ysidro Intermodal Freight Facility/S Line Rail	1,497,100	(1,497,100)	-	-
SAN31	1142300	Escondido Maintenance Facility	1,983,496	(1,983,496)	-	-
SAN46	1041502	Mid-Coast Super Loop	12,401,413	(12,401,413)	-	-
SAN47	1280504	South Bay BRT	5,744,056	(5,744,056)	-	-
SAN54	3311000	ITS Operations	661,058	(661,058)	-	-
SAN66	1210001/10/30/40/70/ 10416/1220001	Blue Line Upgrade	4,373,314	(4,373,314)	-	-
SAN67	1210002/1210080	Low Floor Vehicles	43,517,383	(43,517,383)	-	-
SAN68	1280507	Vehicle Assist and Automation/Bus on Shoulder Serv	191,973	(191,973)	-	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	75,523	(75,523)	-	-
SAN74	1143300	Escondido Bus Rapid Transit	1,910,084	(1,910,084)	-	-
SAN75	1201507	I-15 BRT Transit Stations	35,151	(35,151)	-	-
SAN76	1220001	Orange Line Upgrade	6,895	(6,895)	-	-
SAN78	1240001	Mid-City Rapid Bus	1,456,488	(1,456,488)	-	-
SAN79	1142500/1143401	Centralized Train Control/TLSP-At Grade Xing	1,603,079	(1,603,079)	-	-
SAN116	1239803	Oceanside Station Stub Tracks	308,881	(308,881)	-	-
SAN117	1239805	Poinsettia Run Through Track	294,653	(294,653)	-	-
SAN119	1239807	Sorrento Valley Double Track	494,202	(494,202)	-	-
SAN120	1239808	Tecolote-Washington Crossovers	173,225	(173,225)	-	-
SAN121	1239804	Carlsbad Double Track	79,098	(79,098)	-	-
SAN123	1143200	University Town Center (UTC) Transit Center	4,891	(4,891)	-	-
	1045500	Nobel Drive Coaster Station	412	(412)	-	-
	1046500	Sorrento Valley Coaster Station	351	(351)	-	-
Total Major Corridor			182,422,923	(181,824,278)	(598,645)	-
Total Cumulative <i>TransNet</i> Extension			\$ 565,425,207	\$(565,325,534)	\$ (99,673)	\$ -

**CITY OF SANTEE, CALIFORNIA**

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

Year Ended June 30, 2010



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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, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.



4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

Results: For the interest that was allocated, no exceptions were noted as a result of our procedures.

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.
  - i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$1,074,652. We selected \$415,756 (38.69%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2010 apportionment	\$1,010,783
Less: debt service payment	<u>(29,674)</u>
Net estimated apportionment	981,109
30% base	<u>30%</u>
Fiscal year 2010 30% threshold	294,333
Less: fund balance per Schedule A	<u>(197,728)</u>
Fund balance under apportionment	<u>\$ 96,605</u>

8. 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.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Interest</u> <u>Payments</u>
Commercial Paper	\$ -	\$3,950,000	\$ -	\$3,950,000	\$(29,674)

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$720,361
Less MOE base year requirement	<u>(612,429)</u>
Excess MOE for fiscal year ended June 30, 2010	<u>\$107,932</u>

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

Results: This procedure did not apply to the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the fiscal year ended June 30, 2010.

- a. We obtained a general ledger for the RTCIP fund from the City.

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

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

- i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: The City recorded total expenditures in the amount of \$15,195. We selected \$3,985 (26.22%) for testing. No exceptions were noted as a result of our procedures.

- v. We reviewed and ensured that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

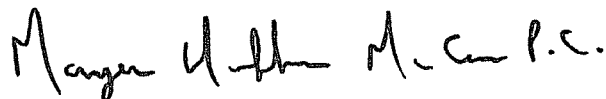
Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2010.

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  
February 2, 2011

**CITY OF SANTEE, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>								
<b>Local Streets and Roads:</b>								
SNT04	Santee Rehabilitation/Major Repair Work	\$ 203,243	\$ -	\$ 663	\$ (12,319)	\$ -	\$ 191,587	
	Total Local Streets and Roads	<u>203,243</u>	<u>-</u>	<u>663</u>	<u>(12,319)</u>	<u>-</u>	<u>191,587</u>	
	Total <i>TransNet</i>	<u>\$ 203,243</u>	<u>\$ -</u>	<u>\$ 663</u>	<u>\$ (12,319)</u>	<u>\$ -</u>	<u>\$ 191,587</u>	
<b>TransNet Extension:</b>								
<b>Local Street Improvements:</b>								
<b>Congestion Relief:</b>								
SNT08	Mast Boulevard Street Lighting	\$ (117,292)	\$ 117,293	\$ -	\$ -	\$ (1)	\$ -	(a)
SNT09	Prospect Ave./Fanita Dr. Signal Impr.	(40,269)	70,000	-	(98,816)	-	(69,085)	(b)
SNT12	Pavement Repair/Rehabilitation	(5,587)	918,000	39	(911,393)	-	1,059	(c)
SNT02	Forrester Creek Channelization	-	3,950,000	-	-	(3,950,000)	-	(d)
	Commercial Paper Debt Service	-	29,674	-	(29,674)	-	-	
	Total Congestion Relief	<u>(163,148)</u>	<u>5,084,967</u>	<u>39</u>	<u>(1,039,883)</u>	<u>(3,950,001)</u>	<u>(68,026)</u>	
<b>Maintenance:</b>								
SNT07	Santee Slurry Seal/Minor Repair Work	(3,525)	100,000	141	(22,450)	1	74,167	(a)
	Total Maintenance	<u>(3,525)</u>	<u>100,000</u>	<u>141</u>	<u>(22,450)</u>	<u>1</u>	<u>74,167</u>	
	Total Local Street Improvements	<u>(166,673)</u>	<u>5,184,967</u>	<u>180</u>	<u>(1,062,333)</u>	<u>(3,950,000)</u>	<u>6,141</u>	
	Total <i>TransNet</i> Extension	<u>\$ (166,673)</u>	<u>\$ 5,184,967</u>	<u>\$ 180</u>	<u>\$ (1,062,333)</u>	<u>\$ (3,950,000)</u>	<u>\$ 6,141</u>	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ 36,570</u>	<u>\$ 5,184,967</u>	<u>\$ 843</u>	<u>\$ (1,074,652)</u>	<u>\$ (3,950,000)</u>	<u>\$ 197,728</u>	

Notes:

- (a) Transferred remaining balance after project completion to active project.
- (b) Project deficit will be eliminated with *TransNet* payment requests in FY 2011.
- (c) Balance of completed project will be transferred when City requests its next RTIP amendment in Spring 2011.
- (d) Adjustment represents FY 2009 expenditures that were approved in RTIP Amendment 08-12.



**CITY OF SANTEE, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
<b>TransNet Extension:</b>						
<b>Local Street Improvements:</b>						
<b>Congestion Relief:</b>						
SNT08	Mast Boulevard Street Lighting	\$ 117,293	\$ -	\$ 117,292	\$ (1)	\$ -
SNT09	Prospect Ave./Fanita Dr. Signal Imprvmnts	70,000	-	139,085	-	(69,085)
SNT12	Pavement Repair/Rehabilitation	918,000	39	916,980	-	1,059
SNT02	Forrester Creek Channelization	3,950,000	-	3,950,000	-	-
	Commercial Paper Debt Service	29,674	-	29,674	-	-
	<b>Total Congestion Relief</b>	<b>5,084,967</b>	<b>39</b>	<b>5,153,031</b>	<b>(1)</b>	<b>(68,026)</b>
<b>Maintenance:</b>						
SNT07	Santee Slurry Seal/Minor Repair Work	100,000	141	25,975	1	74,167
	<b>Total Maintenance</b>	<b>100,000</b>	<b>141</b>	<b>25,975</b>	<b>1</b>	<b>74,167</b>
	<b>Total Local Street Improvements</b>	<b>5,184,967</b>	<b>180</b>	<b>5,179,006</b>	<b>-</b>	<b>6,141</b>
	<b>Total Cumulative TransNet Extension</b>	<b>\$ 5,184,967</b>	<b>\$ 180</b>	<b>\$ 5,179,006</b>	<b>\$ -</b>	<b>\$ 6,141</b>

**CITY OF SANTEE, CALIFORNIA**

*TransNet* Extension Activities

RTCIP Fund

Year Ended June 30, 2010

<u>Project Name</u>	<u>Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Status June 30, 2010</u>
Year ended June 30, 2009	\$ 195,003	\$ -	\$ 1,017	\$ -	\$ -	\$ 196,020
Year ended June 30, 2010	-	316,200	1,658	(15,195)	-	302,663
Total RTCIP Funds	<u>\$ 195,003</u>	<u>\$ 316,200</u>	<u>\$ 2,675</u>	<u>\$ (15,195)</u>	<u>\$ -</u>	<u>\$ 498,683</u>

**CITY OF SOLANA BEACH, CALIFORNIA**

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

Year Ended June 30, 2010



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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 Solana Beach, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

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

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.

- 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 ensured that interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology for reasonableness.

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

- d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

- ii. We selected individual expenditures for testing that comprised 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 \$6,985. We selected \$6,985 (100.00%) 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 and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

- f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

- g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

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

Results: The City is not in compliance with the 30% requirement. The fund balance over the apportionment is as follows. See Finding Number 1 in the Findings and Recommendations section of this report.

Fiscal year 2010 apportionment	\$ 327,227
Less: debt service payment	<u>          -</u>
Net estimated apportionment	327,227
30% base	<u>          30%</u>
Fiscal year 2010 30% threshold	98,168
Less: fund balance per Schedule A	<u>(1,214,334)</u>
Fund balance over apportionment	<u><u>\$(1,116,166)</u></u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$718,285
Less MOE base year requirement	<u>(525,442)</u>
Excess MOE for fiscal year ended June 30, 2010	<u><u>\$192,843</u></u>

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

Results: This procedure is not applicable for the City.



11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

a. We obtained a general ledger for the RTCIP fund from the City.

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

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

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

v. We reviewed and ensured that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

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

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: In 2009, the City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has not yet been resolved. See Finding Number 1 in the Findings and Recommendations section of this report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

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 Finding 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  
November 12, 2010

# CITY OF SOLANA BEACH, CALIFORNIA

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

### Findings and Recommendations

#### (1) **Need to Use Remaining Balance Before Requesting Future Funding**

As of June 30, 2010, the ending fund balance of the *TransNet* funds of the City of Solana Beach (City) was \$1,214,334, which exceeded 30% of its annual apportionment. This condition was previously reported in the prior year.

Board Policy 031, Rule #17, paragraph IV states, in part:

“...an agency that maintains a balance of more than 30 percent of its annual apportionment (after debt service payments) must use the remaining balance to fund projects. SANDAG will defer payment until the recipient agency’s Director of Finance, or equivalent, submits to SANDAG a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined.”

#### **Recommendation**

We recommend that the City exhaust the excess cash balance as expediently as possible. SANDAG is unable to advance additional funds until such time that the Director of Finance of the City certifies compliance with this Rule.’

#### **Management Response**

The City’s largest *Transnet* project is Highway 101 Streetscaping (SB07). This project will cost approximately \$12-15 million dollars. The City has issued a contract for final design which will utilize \$440,000 of the City’s *Transnet* funds. The City expects to issue a construction contract in February 2012, which will utilize sufficient funding to lower the City’s *Transnet* cash balance below the 30% reserve requirement.

SCHEDULE A

CITY OF SOLANA BEACH, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>								
<b>Local Streets and Roads:</b>								
SB01	Lomas Santa Fe / I-5 Interchange	\$ 265,159	\$ -	\$ 1,672	\$ -	\$ -	\$ 266,831	(a)
	Eden Gardens Master Plan	27,248	-	172	-	-	27,420	(a) (f)
SB05	Highway 101 Rehab	59,417	-	375	-	-	59,792	(a)
SB06	CRT Rail Trail at Cliff Street	41,522	-	262	-	-	41,784	(a)
SB07	Highway 101 Streetscaping	770,321	-	4,856	-	-	775,177	(b)
	Total Local Streets and Roads	1,163,667	-	7,337	-	-	1,171,004	
	Total TransNet	\$ 1,163,667	\$ -	\$ 7,337	\$ -	\$ -	\$ 1,171,004	

**CITY OF SOLANA BEACH, CALIFORNIA**  
*TransNet* and *TransNet* Extension Activities  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
	<b>TransNet Extension:</b>							
	<b>Local Street Improvements:</b>							
	<b>Congestion Relief:</b>							
	Traffic Calming Improvements	\$ -	\$ -	\$ -	(1,485)	\$ -	\$ (1,485)	(c) (e)
SB01	Lomas Santa Fe / I-5 Interchange	50,000	-	315	-	-	50,315	(d)
SB08	Marine View Street Improvements	-	-	-	(5,500)	-	(5,500)	(c)
	<b>Total Congestion Relief</b>	50,000	-	315	(6,985)	-	43,330	
	<b>Total TransNet Extension</b>	\$ 50,000	\$ -	\$ 315	\$ (6,985)	\$ -	\$ 43,330	
	<b>Total TransNet and TransNet Extension</b>	\$ 1,213,667	\$ -	\$ 7,652	\$ (6,985)	\$ -	\$ 1,214,334	

Notes:

- (a) This project is completed and the City will reprogram the remaining balance to SB 07 by City Council action expected in March 2011.
- (b) This project is in the design stage. The City has issued a contract for the final design utilizing \$440,000. The total project costs are approximately \$15 million. A contract for the construction of a portion of this project will be issued by February 2012.
- (c) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 2010. Additional funding will be requested once the City is in compliance with the 30% Rule.
- (d) A contract for this project was awarded in January 2011 and construction will begin in the month of February 2011.
- (e) The City will revise the scope of work for MPO SB 08 in the FY 2010 RTIP to include the expenditures for the Traffic Claiming Project in March 2011 (RTIP).
- (f) The City, through City Council action, transferred funding from the Lomas Santa Fe I-5 Interchange Project to the Eden Gardens Master project with the adoption of Resolution No. 2009-036.

**SCHEDULE B**

**CITY OF SOLANA BEACH, CALIFORNIA**

*TransNet* Extension Activities

Cumulative Schedule of Status of Funds by Project  
Year Ended June 30, 2010

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
	<b>TransNet Extension:</b>					
	<b>Local Street Improvements:</b>					
	<b>Congestion Relief:</b>					
	Traffic Calming Improvements	\$ -	\$ -	(1,485)	-	\$ (1,485)
SB01	Lomas Santa Fe / I-5 Interchange	50,000	315	-	-	50,315
SB08	Marine View Street Improvements	-	-	(5,500)	-	(5,500)
	<b>Total Congestion Relief</b>	<b>50,000</b>	<b>315</b>	<b>(6,985)</b>	<b>-</b>	<b>43,330</b>
	<b>Total Local Street Improvements</b>	<b>50,000</b>	<b>315</b>	<b>(6,985)</b>	<b>-</b>	<b>43,330</b>
	<b>Total Cumulative TransNet Extension</b>	<b>\$ 50,000</b>	<b>\$ 315</b>	<b>\$ (6,985)</b>	<b>\$ -</b>	<b>\$ 43,330</b>

SCHEDULE C

CITY OF SOLANA BEACH, CALIFORNIA  
 TransNet Extension Activities  
 RTCIP

Year Ended June 30, 2010

Project Name	Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Status June 30, 2010
Year ended June 30, 2009	\$ 3,522	\$ -	\$ 22	\$ -	\$ -	\$ 3,544
Year ended June 30, 2010	-	-	-	-	-	-
Total RTCIP Funds	\$ 3,522	\$ -	\$ 22	\$ -	\$ -	\$ 3,544



**CITY OF VISTA, CALIFORNIA**

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

Year Ended June 30, 2010



**Mayer Hoffman McCann P.C.**

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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 Vista, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2010. 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 the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

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

3. 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.

4. 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.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- 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). We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: The City restated the beginning balance of the Street Rehab & Maintenance FY 08-09 Project, VISTA 34, with an additional \$149,611 in expenditures applied to the year ended June 30, 2009.

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

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

- c. We identified the interest income reported for the year ended June 30, 2010.
  - 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 ensured that interest is applied to each active project that carries a positive beginning balance.

Results: The City allocated interest to projects based upon the ending balance as opposed to each project that carried a positive beginning balance. Although total interest allocated to the *TransNet* Fund is correct, the amounts allocated to individual projects is not appropriately allocated. See Finding Number 1 in the Findings and Recommendations section of this report.

- iii. We reviewed the interest allocation methodology for reasonableness.

Results: The City allocated interest to projects based upon the ending balance as opposed to each project that carried a positive beginning balance. Although total interest allocated to the *TransNet* Fund is correct, the amounts allocated to individual projects is not appropriately allocated. See Finding Number 1 in the Findings and Recommendations section of this report.

d. We identified the total *TransNet* expenditures for the year ended June 30, 2010.

i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

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

ii. We selected individual expenditures for testing that comprised 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 \$4,327,701. We selected \$2,379,507 (54.98%) 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 whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

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

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

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

f. We obtained a list of completed projects from the recipient agency that is 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. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

g. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes 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 is included with 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 projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including 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 determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects are 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 Schedules A and B.

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

- 7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual

apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

Results: The City is not in compliance with the 30% requirement. The fund balance over the apportionment is as follows. See Finding Number 2 in the Findings and Recommendations section of this report.

Fiscal year 2010 apportionment	\$1,607,353
Less: debt service payment	<u>          -</u>
Net estimated apportionment	1,607,353
30% base	<u>          30%</u>
Fiscal year 2010 30% threshold	482,206
Less: fund balance per Schedule A	<u>(618,059)</u>
Fund balance over apportionment	<u><u>\$(135,853)</u></u>

8. 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.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2010.

9. We reviewed the maintenance of effort (MOE) requirement for the City.
  - a. We obtained the current MOE requirements for each recipient agency from SANDAG.
  - 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, 2010, is summarized as follows:

Current year local discretionary expenditures	\$3,263,167
Less MOE base year requirement	<u>(2,710,338)</u>
Excess MOE for the year ended June 30, 2010	<u><u>\$ 552,829</u></u>

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

Results: This procedure is not applicable for the City.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2010.

- a. We obtained a general ledger for the RTCIP fund from the City.

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

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the City.

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.

- i. We determined that the City is 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 are 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 a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

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

- v. We reviewed and ensured that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the fiscal year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

Results: The City did not allocate interest for RTCIP revenues to the *TransNet* Fund. All of the interest for the RTCIP revenues are included in Fund #110 (Developer Fees). See Finding Number 3 in the Findings and Recommendations section of this report.

- 12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary 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: This procedure is not applicable for the City.

- 13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
  - a. We determined that the total administrative expenditures do not exceed one percent 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 determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

- 14. For SANDAG only, we performed the following additional 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 fiscal year 2010 *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.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: In 2009, the City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2010, this finding has not yet been resolved. See Finding Number 2 in the Findings and Recommendations section of this report.

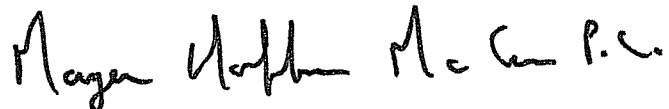
16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

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

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

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  
December 22, 2010

# CITY OF VISTA, CALIFORNIA

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

### Findings and Recommendations

Year Ended June 30, 2010

(1) **Need to Apply Allocated Interest to Projects that Carry a Positive Beginning Balance**

The City of Vista (City) incorrectly allocated interest to projects within the *TransNet* Fund. The City allocates interest based upon the amount of cash the *TransNet* Fund holds at the end of each month as a percentage of the total cash held by the City. The amount of interest allocated to the Fund is then distributed to each project that holds a positive ending balance. However, interest should be allocated to projects that have a positive beginning balance.

**Recommendation**

We recommend that the City allocate interest to all active projects that carry a positive beginning balance as required by Rule #6 of Board Policy 031.

**Management Response**

The City will allocate interest to all active projects that carry a positive beginning balance going forward.

(2) **Need to Use Remaining Balance Before Requesting Future Funding**

As of June 30, 2010, the ending fund balance of the *TransNet* funds of the City, which includes total Local Streets and Roads and Local Street Improvements, was \$618,059, which exceeded 30% of its annual apportionment. This condition was previously reported in the prior year.

Board Policy 031, Rule #17, paragraph IV states, in part:

“...an agency that maintains a balance of more than 30 percent of its annual apportionment (after debt service payments) must use the remaining balance to fund projects. SANDAG will defer payment until the recipient agency’s Director of Finance, or equivalent, submits to SANDAG a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined.

**CITY OF VISTA, CALIFORNIA**

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

Findings and Recommendations

(Continued)

**(2) Need to Use Remaining Balance Before Requesting Future Funding (Continued)**

**Recommendation**

We recommend that the City exhaust the excess cash balance as expediently as possible. SANDAG is unable to advance additional funds until such time that the Director of Finance of the City certifies compliance with this Rule.

**Management Response**

The ending balance for FY 2010 is in excess of the 30% requirement due to the receipt of *TransNet* funds in FY 2010. However, project expenditures were delayed until early FY 2011. The City plans to accelerate project expenditures and utilize funds on hand prior to requesting additional *TransNet* funds.

**(3) Need to Allocate Interest for RTCIP Revenues**

The City holds all RTCIP revenues in its Fund #110 (Developer Fees) until the end of the year, then transfers the revenues to the *TransNet* Fund. All interest earned on the RTCIP revenues are allocated to the Developer Fees Fund and not transferred to the *TransNet* Fund when the RTCIP revenues are transferred.

**Recommendation**

We recommend the City transfer interest allocated for RTCIP revenues in the Developer Fees Fund to the *TransNet* Fund.

**Management Response**

RTCIP fees are transferred on June 30th from our development fund and Vista was not aware that the interest needed to be transferred with the fees. A journal entry will be made by June 30, 2011 to transfer interest through this period.

SCHEDULE A

CITY OF VISTA, CALIFORNIA  
 TransNet and TransNet Extension Activities  
 Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet:</b>									
<b>Local Streets and Roads:</b>									
VISTA 07	7456	SR-78 Corridor enhancement	\$ 646,045	\$ -	\$ 24,634	\$ (72,822)	\$ -	\$ 597,857	
VISTA 08	7741	W. Vista Way Widening	110,859	-	24,570	460,943	-	596,372	(c)
VISTA 10	8043	Olive Avenue Sidewalks and Street Improvements	341,185	-	14,661	-	-	355,846	(g)
VISTA 11	8052	Median Enhancements	182,049	-	-	-	-	182,049	
VISTA 12	8054	E. Vista Way Street Improvements	262,411	-	11,275	(61)	-	273,625	
VISTA 13	8053	ADA Street Improvements	9,369	-	6	(9,152)	-	223	
VISTA 17	8018	Grapevine Road Street Improvements	255,010	-	9,193	(41,075)	-	223,128	
VISTA 18	8029	California Avenue Improvements	(16,785)	-	-	-	16,785	-	(d)
VISTA 19	8030	Maryland Drive Sidewalks	97,815	-	4,138	(1,522)	-	100,431	
VISTA 20	8039	Emerald & Vista Way Improvements	(138,702)	-	-	-	-	(138,702)	(g)
VISTA 22	8088	Inland Rail Trail Bike Lane Facility	(24,075)	-	-	-	-	(24,075)	(g)
VISTA 23	8051	Escondido Ave. Traffic Enhancements	(267,943)	-	-	-	267,943	-	(e)
VISTA 25	7650	Roadway Rehab & Upgrade	13,274	-	-	(13,274)	-	-	
VISTA 26	8140	Taylor Streets Improvements	153,218	-	7,517	21,719	-	182,454	(c)
VISTA 27	8141	Foothill Overlay & Improvements	473,421	-	3,429	(393,622)	-	83,228	
VISTA 28	8151	Thibido Road Curb & Landscape	137,941	-	-	(137,941)	-	-	
VISTA 29	8152	La Mirada Dr. & Poinsettia Ave. Sig	145,523	-	6,253	-	-	151,776	
VISTA 30	8154	Street Rehab & Maintenance FY 07-08	22,528	941,505	-	(964,033)	-	-	
VISTA 32	8127	E. Vista Way at Oak Dr. Signal	(3,753)	-	-	(74)	-	(3,827)	(b)
VISTA 33	8128	N. Santa Fe at East Dr. Signal	(3,156)	-	-	(97)	-	(3,253)	(b)
VISTA 34	8155	Street Rehab & Maintenance FY 08-09	(149,726)	-	-	(2,331)	-	(152,057)	(a) (b)
Total Local Streets and Roads			<u>2,246,508</u>	<u>941,505</u>	<u>105,676</u>	<u>(1,153,342)</u>	<u>284,728</u>	<u>2,425,075</u>	
Total TransNet			<u>\$ 2,246,508</u>	<u>\$ 941,505</u>	<u>\$ 105,676</u>	<u>\$ (1,153,342)</u>	<u>\$ 284,728</u>	<u>\$ 2,425,075</u>	
<b>TransNet Extension:</b>									
<b>Local Street Improvements:</b>									
<b>Congestion Relief:</b>									
VISTA 08A	8191	W. Vista Way Widening Construction - Phase 1	\$ -	\$ 250,000	\$ 453	\$ (239,471)	\$ -	\$ 10,982	
VISTA 18	8029	California Avenue Improvements	-	50,000	1,426	-	(16,785)	34,641	(d)
VISTA 22	8088	Inland Rail Trail Bike Lane Facility	-	84,465	-	(104,915)	-	(20,450)	(b)
Subtotal Congestion Relief			<u>-</u>	<u>384,465</u>	<u>1,879</u>	<u>(344,386)</u>	<u>(16,785)</u>	<u>25,173</u>	

**CITY OF VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2009	Received	Income	Expenditures	Adjustments	June 30, 2010	
		Balance carried forward	\$ -	\$ 384,465	\$ 1,879	\$ (344,386)	\$ (16,785)	\$ 25,173	
VISTA 23	8051	Escondido Ave. Traffic Enhancements	-	270,000	50	(890)	(267,943)	1,217	(e)
VISTA 38	8196	SR-78 Civic Center Guide Signs	-	75,000	1,961	(29,369)	-	47,592	
VISTA 27	8141	Foothill Overlay & Improvements	381,659	-	-	-	-	381,659	
		<b>Total Congestion Relief</b>	<u>381,659</u>	<u>729,465</u>	<u>3,890</u>	<u>(374,645)</u>	<u>(284,728)</u>	<u>455,641</u>	
		<b>Maintenance:</b>							
VISTA 25	7650	Roadway Rehab & Upgrade	25,000	-	-	(8,241)	-	16,759	
VISTA 28	8151	Thibido Road Curb & Landscape	-	-	-	(246,823)	-	(246,823)	(b)
VISTA 30	8154	Street Rehab & Maintenance - FY2007-08	-	500,000	-	(2,532,593)	-	(2,032,593)	(b)
		<b>Total Maintenance</b>	<u>25,000</u>	<u>500,000</u>	<u>-</u>	<u>(2,787,657)</u>	<u>-</u>	<u>(2,262,657)</u>	
		<b>Total Local Street Improvements</b>	<u>406,659</u>	<u>1,229,465</u>	<u>3,890</u>	<u>(3,162,302)</u>	<u>(284,728)</u>	<u>(1,807,016)</u>	
		<b>Bikes and Pedestrians:</b>							
VISTA 36	8185	Community Development Sidewalk Improvement Project	-	-	-	(11,305)	-	(11,305)	(b)
VISTA 39	8187	Longhorn Dr. Sidewalk Improvement Project	-	-	-	(752)	-	(752)	(b)
		<b>Total Bikes and Pedestrians</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,057)</u>	<u>-</u>	<u>(12,057)</u>	
		<b>Senior Mini-Grants:</b>							
VISTA 35		Out & About Vista	-	49,852	-	-	-	49,852	
		<b>Total Senior Mini-Grants</b>	<u>-</u>	<u>49,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,852</u>	
		<b>Total TransNet Extension</b>	<u>\$ 406,659</u>	<u>\$ 1,279,317</u>	<u>\$ 3,890</u>	<u>\$ (3,174,359)</u>	<u>\$ (284,728)</u>	<u>\$ (1,769,221)</u>	
		<b>Total TransNet and TransNet Extension</b>	<u>\$ 2,653,167</u>	<u>\$ 2,220,822</u>	<u>\$ 109,566</u>	<u>\$ (4,327,701)</u>	<u>\$ -</u>	<u>\$ 655,854</u>	

**CITY OF VISTA, CALIFORNIA**  
*TransNet and TransNet Extension Activities*  
 Schedule of Status of Funds by Project  
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2009	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>Non-TransNet:</b>									
	8189	SR-78 Bus Stop Safety Barrier - Phase 1	\$ -	\$ -	\$ -	\$ (374)	\$ -	\$ (374)	(f)
	8190	SR-78 Bus Stop Safety Barrier - Phase 2	-	-	-	(374)	-	(374)	(f)
		<b>Total Non-TransNet</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (748)</u>	<u>\$ -</u>	<u>\$ (748)</u>	
		<b>Total <i>TransNet</i>, <i>TransNet</i> Extension and Non-<i>TransNet</i></b>	<u>\$ 2,653,167</u>	<u>\$ 2,220,822</u>	<u>\$ 109,566</u>	<u>\$ (4,328,449)</u>	<u>\$ -</u>	<u>\$ 655,106</u>	

Notes:

- (a) The City restated the beginning balance of VISTA 34 in FY 08-09- Project Status as of 7/1/09 includes this additional \$149,611 adjustment to the City 's annual audit prepared after the *TransNet* audit.
- (b) The City did not request payments for negative balances in FY 2010 due to noncompliance with the 30% Rule. However, the City will submit a payment request in FY 2011 once in compliance with the 30% Rule.
- (c) VISTA 08/VISTA 26 - Negative project expenditures due to reclassing prior year expenditures to other funding sources.
- (d) VISTA 18 - City adjustment is to transfer the negative balance to the same project in the *TransNet* Extension section.
- (e) VISTA 23 - City adjustment is to transfer the negative balance to the same project in the *TransNet* Extension section.
- (f) Vista's CIP(s) 8189 & 8190 do not have MPO IDs due to projects deleted from the RTIP and taken over by Caltrans. FY 2010 expenditures will be reclassified in FY 2011 to zero/close out these projects.
- (g) VISTA 20 & 22 are completed projects and were removed from the RTIP before funds were drawn down. The City adjustment is expected to go to City Council in May 2011 to propose a transfer of funds from VISTA 10 to the completed projects VISTA 20 & VISTA 22.

**CITY OF VISTA, CALIFORNIA**  
*TransNet* Extension Activities  
 Cumulative Schedule of Status of Funds by Project  
 Year Ended June 30, 2010

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010	Notes
<b>TransNet Extension:</b>								
<b>Local Street Improvements:</b>								
<b>Congestion Relief:</b>								
VISTA 08A	8191	W. Vista Way Widening Construction - Phase 1	\$ 250,000	453	\$ (239,471)	\$ -	\$ 10,982	
VISTA 18	8029	California Avenue Improvements	50,000	1,426	-	(16,785)	34,641	
VISTA 22	8088	Inland Rail Trail Bike Lane Facility	84,465	-	(104,915)	-	(20,450)	
VISTA 23	8051	Escondido Ave. Traffic Enhancements	270,000	50	(890)	(267,943)	1,217	
VISTA 38	8196	SR 78 Civic Center Guide Signs	75,000	1,961	(29,369)	-	47,592	
VISTA 27	8141	Foothill Overlay & Improvements	381,659	-	-	-	381,659	
Total Congestion Relief			1,111,124	3,890	(374,645)	(284,728)	455,641	
<b>Maintenance:</b>								
VISTA 25	7650	Roadway Rehab & Upgrade	25,000	-	(8,241)	-	16,759	
VISTA 28	8151	Thibido Road Curb & Landscape	-	-	(246,823)	-	(246,823)	
VISTA 30	8154	Street Rehab & Maintenance - FY2007-08	500,000	-	(2,532,593)	-	(2,032,593)	
Total Maintenance			525,000	-	(2,787,657)	-	(2,262,657)	
<b>Bikes and Pedestrians:</b>								
VISTA 36	8185	Community Development Sidewalk Improvement Project	-	-	(11,305)	-	(11,305)	
VISTA 39	8187	Longhorn Dr. Sidewalk Improvement Project	-	-	(752)	-	(752)	
Total Bikes and Pedestrians			-	-	(12,057)	-	(12,057)	
<b>Senior Mini-Grants:</b>								
VISTA 35		Out & About Vista	49,852	-	-	-	49,852	
Total Senior Mini-Grants			49,852	-	-	-	49,852	
Total Cumulative <i>TransNet</i> Extension			\$ 1,636,124	\$ 3,890	\$ (3,174,359)	\$ (284,728)	\$ (1,819,073)	

CITY OF VISTA, CALIFORNIA  
*TransNet* Extension Activities  
 RTCIP Account  
 Year Ended June 30, 2010

<u>Project Name</u>	<u>Status July 1, 2009</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Status June 30, 2010</u>
Year ended June 30, 2009	\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ 32,000
Year ended June 30, 2010	-	69,360	-	-	-	69,360
Total RTCIP account	<u>\$ 32,000</u>	<u>\$ 69,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,360</u>