

# Independent Taxpayer Oversight Committee

San Diego, California

*Executive Summary on TransNet Activities*

*For the year ended June 30, 2009*

# Independent Taxpayer Oversight Committee

## Table of Contents

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|   | <u>Page</u> |
|---|-------------|
| Independent Accountants' Report .....                       | 1           |
| <b>Exhibits:</b>  |             |
| A. Compliance With Maintenance of Effort Requirement .....  | 9           |
| B. Compliance With Maintenance of Effort Re-Indexing .....  | 10          |
| C. Compliance With Local Street Improvements .....          | 11          |
| D. Compliance With 30 Percent Fund Balance Limitation ..... | 12          |



Caporicci & Larson  
Certified Public Accountants

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

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

We have performed certain agreed-upon procedures applied to the following listed recipient agencies, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC), in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

### Recipients:

1. California Department of Transportation (CALTRANS)
2. County of San Diego
3. City of Carlsbad
4. City of Chula Vista
5. City of Coronado
6. City of Del Mar
7. City of El Cajon
8. City of Encinitas
9. City of Escondido
10. City of Imperial Beach
11. City of La Mesa
12. City of Lemon Grove
13. City of National City
14. City of Oceanside
15. City of Poway
16. City of San Marcos
17. City of San Diego
18. City of Santee
19. City of Solana Beach
20. City of Vista
21. Independent Taxpayer Oversight Committee (ITOC)
22. North County Transit District (NCTD)
23. San Diego Association of Governments (SANDAG)
24. San Diego Metropolitan Transit System (MTS)

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the ITOC. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

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To the Independent Taxpayer Oversight Committee  
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San Diego, California

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on recipient agencies' compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
March 5, 2010

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

**Procedures Performed:**

- A. 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).
- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.
- C. Inquired of recipient agencies' management and determined that recipient agencies maintain a separate fund for *TransNet* revenues. If a separate fund was not possible due to accounting methodology used by the recipient agency, an alternative approach to maintaining separate accountability was developed.
- D. For the *TransNet* Fund, obtained a detailed general ledger.
- E. Obtained from recipient agencies the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by RTIP MPO ID.
- F. Obtained from recipient agencies the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by RTIP MPO ID.
- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from recipient agencies' annual *TransNet* apportionment was not more than 30% of recipient agencies' current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.
- H. If applicable, obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments, and the ending balance. Agreed to long-term debt information for each recipient agency provided by SANDAG.
- I. Reviewed the maintenance of effort (MOE) requirement.
- J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.
- K. Reviewed transit operator eligibility for receipt of funds. Reviewed and reported 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 do not exceed the increase in the Consumer Price Index for San Diego County (CPI).
- L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

To the Independent Taxpayer Oversight Committee  
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San Diego, California

- M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC responsibilities under the *TransNet* Extension Ordinance in 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."
- N. For SANDAG only, per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan, performed the additional procedures.
- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.
- P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included recipient agencies' response to address the findings.

**Highlights:**

During October, November and December of 2009, we performed the procedures as enumerated above to determine whether the recipient agencies were in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal years ended June 30, 2009. In summary, there are 5 major compliance components:

- 1. *TransNet* and *TransNet* Extension Expenditures
- 2. Maintenance of effort (MOE)
- 3. Local Street Improvements- Congestion Relief vs. Maintenance
- 4. SANDAG Board Policy No. 031, Rule 17, Section V (30% Rule)
- 5. Regional Transportation Congestion Improvement Program (RTCIP)

***TransNet* and *TransNet* Extension Expenditures**

As required by SANDAG Board Policy No. 031, each recipient agency is required to account for *TransNet* activities in a separate fund or an alternative approach approved by SANDAG. All recipient agencies complied with this requirement.

During our field work, we obtained the following items:

- a. Trial balance including balance sheet and income statements.
- b. Detail general ledger including revenues and expenditures details.
- c. Schedule A - Schedule of Status of Funds by Project.
- d. Schedule B - Cumulative Schedule of Status of Funds by Project.

The objectives of the procedures were to ensure the following:

- 1. Expenditures were allowable in accordance with the *TransNet* Ordinance and *TransNet* Extension Ordinance.
- 2. Revenues were recorded and agreed to SANDAG's records.
- 3. Interest income was allocated to projects that have a positive beginning balance and the interest income allocation methodology was appropriate.
- 4. Explanations were obtained and disclosed for projects that have a negative balance.
- 5. Proper approvals were obtained for inter-projects transfers.

To the Independent Taxpayer Oversight Committee  
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San Diego, California

### **Highlights, Continued:**

As a result, expenditures claimed by all recipient agencies were allowable, and interest was properly allocated to projects in accordance with the *TransNet* Ordinance, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

#### **Maintenance of effort (MOE)**

##### ***Compliance with MOE Base Requirement***

In accordance with Section 8 of the *TransNet* Extension Ordinance, each recipient 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 the *TransNet* Extension Ordinance (Fiscal Years 2000-01, 2001-02, 2002-03), as was reported in the State Controller's Annual Report of Financial Transactions for Street and Roads and as verified by the Independent Auditor.

During our field work, we obtained the following items:

- a. Current MOE requirements for each recipient agency subject to this requirement, from SANDAG.
- b. Schedule 3 of the Annual Street Report from recipient agencies.

The objectives of the procedures were to ensure each recipient agency met the minimum MOE requirement.

As a result, all recipient agencies subject to the MOE requirements are in compliance. The City of Del Mar provided additional expenditures not reported in the State Controller's Annual Report of Financial Transactions for Street and Roads, therefore we performed additional procedures for the City. These expenditures were reviewed and accepted, therefore were used when performing the procedure. See Exhibit A - Compliance with Maintenance of Effort Requirement for detail.

##### ***MOE Base Re-Indexing***

In addition, in accordance with Section 8 of the *TransNet* Extension Ordinance, we performed procedures to re-index the MOE base as of June 30, 2009, to become effective for the fiscal years ending June 30, 2012, 2013 and 2014.

We performed the following:

1. Determined the growth rate based on the Construction Cost Index for the period ended June 30, 2009, over the index as of June 30, 2006.
2. Determined the growth rate based on recipient's General Fund revenues for the period ended June 30, 2009, over the amount of General Fund revenues as of June 30, 2006.
3. Selected the lowest growth rate.
4. Applied the lowest growth rate to the previously approved MOE base.

See Exhibit B -Maintenance of Effort Re-Indexing for detail.

To the Independent Taxpayer Oversight Committee  
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San Diego, California

### Highlights, Continued:

#### **Local Street Improvements- Congestion Relief vs. Maintenance**

As specified in Section 2(C)(1) of the *TransNet* Extension Ordinance, at least 70% of the revenues provided for local street and road purposes should be used for congestion relief purposes and no more than 30% for maintenance purposes.

We performed the following:

1. Inquired and obtained source data used to calculate the Local Street Improvements Allocation Schedule in SANDAG's TTrak program and recalculated the total fund distribution per jurisdiction.
2. Reviewed the FY 2009 *TransNet* Local Street Improvements Allocation Schedule and determined that at least 70% of the revenues provided for local street and road purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

As a result, all recipient agencies' total fund distribution per jurisdiction on the Local Street Improvements Allocation Schedule was calculated properly. See Exhibit C - Compliance with Local Street Improvements.

#### **SANDAG Board Policy No. 031, Rule #17, Section V (30% Rule)**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V (30% Rule), a recipient agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

The objectives of the procedures were to ensure that the recipient agency's *TransNet* fund balance for those programs that receive funding from the recipient agency's annual apportionment (Streets and Roads, Local Street Improvements, Transit Services) is not more than 30% of the recipient agency's current year annual apportionment (net of debt service payments).

We performed the following:

1. Obtained the schedule of annual apportionments for each recipient agency.
2. Obtained and reviewed the fund balance of the programs that received annual allocations.
3. Compared the fund balance to the apportionment schedule to ensure the excess fund balance did not exceed the 30% threshold.

As a result, 8 recipient agencies were in compliance and 13 recipient agencies were not in compliance during fiscal year 2009. During fiscal year 2008, there were 7 recipient agencies in compliance and 14 recipient agencies not in compliance.

See Exhibit D - Compliance with 30% Fund Balance Limitation.

To the Independent Taxpayer Oversight Committee  
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San Diego, California

**Highlights, Continued:**

**Regional Transportation Congestion Improvement Program (RTCIP)**

In accordance with Section 9 (a) of the *TransNet* Extension Ordinance and Expenditure Plan, each local agency in the San Diego region shall contribute a minimum of \$2,000 in exactions from the private sector, for each newly constructed residential housing unit in that jurisdiction to the RTCIP. However, each jurisdiction may use their own fee schedule, as long as the fees are at a minimum of \$2,000, and approved by the SANDAG Board of Directors. The RTCIP revenue will be used to construct improvements on the Regional Arterial System.

The objectives of the procedures were to ensure the following:

1. Each recipient agency collected at least the minimum exaction fee from each newly constructed residential housing unit.
2. Proper approval was obtained for the exaction fee.
3. Expenditures were allowable in accordance with the *TransNet* Extension Ordinance and Expenditure Plan.

We performed the following:

1. Obtained a detailed general ledger from the recipient agencies.
2. Obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions.
3. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance.
4. Verified that the exaction fee being collected was approved by the City Council or Board of Directors and is in compliance with the *TransNet* Extension Ordinance and SANDAG Board Policy.
5. Verified that expenditures, if any, complied with the *TransNet* Extension Ordinance and SANDAG Board Policy.

As a result, RTCIP revenue collected by all recipient agencies were in compliance with Section 9 (a) of the *TransNet* Extension Ordinance and Expenditure Plan.

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**Observations:**

During the course of the procedures performed, we noted certain recipient agencies had the following difficulties:

1. *TransNet* Activities vs. *TransNet* Extension Activities. Recipient agencies were not familiar with the difference between *TransNet* activities and *TransNet* Extension activities. As a result, the projects were misclassified between *TransNet* and *TransNet* Extension.
2. Preparation of Schedule B- Cumulative Schedule of Status of Funds by Project. Most recipient agencies did not prepare the Cumulative Schedule of Status of Funds by Project prior to the beginning of fieldwork due to lack of experience with the new procedure.

**Recommendation:**

Fiscal year 2009 was the first year performing the agreed-upon procedures under the new *TransNet* Extension Ordinance. SANDAG offered training on the changes and updates to the *TransNet* Extension program and audit process. We recommend SANDAG continue to provide training for all recipient agencies in order to equip them with adequate knowledge to perform their responsibilities in accordance with the *TransNet* Extension Ordinance and SANDAG Board Policies.

Compliance With Maintenance of Effort Requirement

|                  | Fiscal Year 2009             |                   |                                     |                       |                | Fiscal Year 2008 |                | Fiscal Year 2007 | Fiscal Year 2006 |                |                |
|------------------|------------------------------|-------------------|-------------------------------------|-----------------------|----------------|------------------|----------------|------------------|------------------|----------------|----------------|
|                  | <u>Maintenance of Effort</u> |                   |                                     |                       |                | In Compliance?   | Deficit Amount | In Compliance?   | Deficit Amount   | In Compliance? | Deficit Amount |
|                  | In Compliance?               | Streets and Roads | Specialized Transportation Services | Transit Bus Subsidies | Deficit Amount |                  |                |                  |                  |                |                |
| Carlsbad         | Yes                          | 6,183,329         | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Chula Vista      | Yes                          | 4,166,208         | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Coronado         | Yes                          | 865,298           | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Del Mar          | Yes                          | 465,108           | 21,431                              | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| El Cajon         | Yes                          | 1,772,596         | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Encinitas        | Yes                          | 2,103,079         | 58                                  | 0                     | N/A            | Yes              | N/A            | N/A              | N/A              | N/A            | N/A            |
| Escondido        | Yes                          | 3,200,668         | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Imperial Beach   | Yes                          | 275,051           | 0                                   | 0                     | N/A            | Yes              | N/A            | N/A              | N/A              | N/A            | N/A            |
| La Mesa          | Yes                          | 1,931,914         | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Lemon Grove      | Yes                          | 186,082           | 0                                   | 0                     | N/A            | Yes              | N/A            | N/A              | N/A              | N/A            | N/A            |
| National City    | Yes                          | 1,843,285         | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Oceanside        | Yes                          | 2,931,649         | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Poway            | Yes                          | 1,142,408         | 0                                   | 0                     | N/A            | Yes              | N/A            | N/A              | N/A              | N/A            | N/A            |
| San Diego City   | Yes                          | 25,475,072        | 181,102                             | 974,946               | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| San Marcos       | Yes                          | 4,803,743         | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Santee           | Yes                          | 612,429           | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Solana Beach     | Yes                          | 525,442           | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| Vista            | Yes                          | 2,710,338         | 0                                   | 0                     | N/A            | Yes              | N/A            | Yes              | N/A              | Yes            | N/A            |
| San Diego County | Yes                          | 0                 | 0                                   | 0                     | N/A            | Yes              | N/A            | N/A              | N/A              | N/A            | N/A            |

No = Not in compliance

Yes = In Compliance

Results: There were no instances of non-compliance. All recipient agencies were in compliance with meeting the minimum maintenance of effort requirements.

Maintenance of Effort Re-Indexing

|                  | Previous Approved MOE base: |                                     |                       | Growth Rate:             |                                 | Adjusted MOE base as of June 30, 2009: (for fiscal years 2012, 2013, and 2014) |                                     |                       |
|------------------|-----------------------------|-------------------------------------|-----------------------|--------------------------|---------------------------------|--|-------------------------------------|-----------------------|
|                  | Streets and Roads           | Specialized Transportation Services | Transit Bus Subsidies | Jurisdiction Growth Rate | CALTRANS Cost Index Growth Rate | Streets and Roads  | Specialized Transportation Services | Transit Bus Subsidies |
| Carlsbad         | 6,183,329                   | 0                                   | 0                     | 1.06                     | <b>.90</b>                      | 5,564,996  | 0                                   | 0                     |
| Chula Vista      | 4,166,208                   | 0                                   | 0                     | 1.01                     | <b>.90</b>                      | 3,749,587  | 0                                   | 0                     |
| Coronado         | 865,298                     | 0                                   | 0                     | 1.03                     | <b>.90</b>                      | 778,768  | 0                                   | 0                     |
| Del Mar          | 465,108                     | 21,431                              | 0                     | .98                      | <b>.90</b>                      | 418,597  | 19,288                              | 0                     |
| El Cajon         | 1,772,596                   | 0                                   | 0                     | 1.03                     | <b>.90</b>                      | 1,595,336  | 0                                   | 0                     |
| Encinitas        | 2,103,079                   | 58                                  | 0                     | 1.12                     | <b>.90</b>                      | 1,892,771  | 52                                  | 0                     |
| Escondido        | 3,200,668                   | 0                                   | 0                     | .93                      | <b>.90</b>                      | 2,880,601  | 0                                   | 0                     |
| Imperial Beach   | 275,051                     | 0                                   | 0                     | 1.08                     | <b>.90</b>                      | 247,546  | 0                                   | 0                     |
| La Mesa          | 1,931,914                   | 0                                   | 0                     | 1.14                     | <b>.90</b>                      | 1,738,723  | 0                                   | 0                     |
| Lemon Grove      | 186,082                     | 0                                   | 0                     | .99                      | <b>.90</b>                      | 167,474  | 0                                   | 0                     |
| National City    | 1,843,285                   | 0                                   | 0                     | 1.17                     | <b>.90</b>                      | 1,658,957  | 0                                   | 0                     |
| Oceanside        | 2,931,649                   | 0                                   | 0                     | 1.10                     | <b>.90</b>                      | 2,638,484  | 0                                   | 0                     |
| Poway            | 1,142,408                   | 0                                   | 0                     | <b>.88</b>               | .90                             | 1,005,319  | 0                                   | 0                     |
| San Diego City   | 25,475,072                  | 181,102                             | 974,946               | 1.22                     | <b>.90</b>                      | 22,027,565   | 162,992                             | 877,451               |
| San Marcos       | 4,803,743                   | 0                                   | 0                     | .97                      | <b>.90</b>                      | 4,323,369  | 0                                   | 0                     |
| Santee           | 612,429                     | 0                                   | 0                     | 0                        | <b>.90</b>                      | 551,186  | 0                                   | 0                     |
| Solana Beach     | 525,442                     | 0                                   | 0                     | 1.04                     | <b>.90</b>                      | 472,898  | 0                                   | 0                     |
| Vista            | 2,710,338                   | 0                                   | 0                     | <b>.88</b>               | .90                             | 2,385,097  | 0                                   | 0                     |
| San Diego County | 0                           | 0                                   | 0                     | 1.23                     | <b>.90</b>                      | 0  | 0                                   | 0                     |

\*Note: Growth rate used to calculate the adjusted MOE base as of June 30, 2009, is in **BOLD**.

Result: All recipient agencies maintenance of effort levels were reduced for fiscal years 2012, 2013, and 2014.

Compliance with Local Street Improvements

| Fiscal Year 2009 |                               |                                 |                           |
|------------------|-------------------------------|---------------------------------|---------------------------|
|                  | Annual Allocation Contributed | 70% Congestion Relief Allocated | 30% Maintenance Allocated |
| Carlsbad         | 2,153,452                     | 1,507,416                       | 646,036                   |
| Chula Vista      | 4,128,049                     | 2,889,634                       | 1,238,415                 |
| Coronado         | 471,868                       | 330,308                         | 141,560                   |
| Del Mar          | 172,226                       | 120,586                         | 51,680                    |
| El Cajon         | 1,868,793                     | 1,308,155                       | 560,638                   |
| Encinitas        | 1,337,658                     | 936,361                         | 401,297                   |
| Escondido        | 2,727,220                     | 1,909,054                       | 818,166                   |
| Imperial Beach   | 574,036                       | 401,825                         | 172,211                   |
| La Mesa          | 1,215,404                     | 850,783                         | 364,621                   |
| Lemon Grove      | 565,270                       | 395,689                         | 169,581                   |
| National City    | 1,138,643                     | 797,050                         | 341,593                   |
| Oceanside        | 3,564,944                     | 2,495,461                       | 1,069,483                 |
| Poway            | 1,222,674                     | 855,872                         | 366,802                   |
| San Diego City   | 24,862,913                    | 17,404,039                      | 7,458,874                 |
| San Marcos       | 1,585,316                     | 1,109,721                       | 475,595                   |
| Santee           | 1,119,224                     | 783,457                         | 335,767                   |
| Solana Beach     | 360,404                       | 252,283                         | 108,121                   |
| Vista            | 1,789,913                     | 1,252,939                       | 536,974                   |
| San Diego County | 11,709,190                    | 8,196,433                       | 3,512,757                 |

Result: SANDAG appropriately allocated TransNet revenues for the Local Street Improvements program in accordance with the TransNet Extension Ordinance.

Compliance With 30 Percent Fund Balance Limitation (30% Rule)

|                                      | Fiscal Year 2009 |           |               | Fiscal Year 2008 |               |  | Fiscal Year 2007 |               |     | Fiscal Year 2006 |               |  |
|--------------------------------------|------------------|-----------|---------------|------------------|---------------|--|------------------|---------------|-----|------------------|---------------|--|
|                                      | In Compliance?   | 30% Base  | Excess Amount | In Compliance?   | Excess Amount |  | In Compliance?   | Excess Amount |     | In Compliance?   | Excess Amount |  |
| Carlsbad                             | No               | 668,441   | 919,075       | No               | 2,848,609     |  | No               | 3,500,145     | No  | 6,066,205        |               |  |
| Chula Vista                          | No               | 1,281,852 | 10,015,410    | No               | 14,777,753    |  | No               | 12,575,374    | No  | 12,143,595       |               |  |
| Coronado                             | No               | 146,054   | 508,338       | No               | 220,206       |  | Yes              | N/A           | No  | 474,610          |               |  |
| Del Mar                              | Yes              | 52,982    | N/A           | Yes              | N/A           |  | Yes              | N/A           | No  | 12,979           |               |  |
| El Cajon                             | Yes              | 580,011   | N/A           | No               | 1,357,153     |  | No               | 2,376,790     | No  | 3,120,402        |               |  |
| Encinitas                            | No               | 415,013   | 226,668       | No               | 466,792       |  | No               | 8,207,379     | No  | 6,874,825        |               |  |
| Escondido                            | No               | 846,683   | 4,634,613     | No               | 7,111,416     |  | No               | 9,642,442     | No  | 8,118,856        |               |  |
| Imperial Beach                       | No               | 177,793   | 279,633       | No               | 620,940       |  | No               | 356,112       | No  | 273,090          |               |  |
| La Mesa                              | Yes              | 377,035   | N/A           | Yes              | N/A           |  | No               | 1,021,108     | No  | 1,198,348        |               |  |
| Lemon Grove                          | No               | 175,070   | 734,587       | No               | 1,191,499     |  | No               | 1,294,772     | No  | 1,355,630        |               |  |
| National City                        | No               | 353,189   | 1,334,460     | No               | 3,555,774     |  | No               | 3,108,733     | No  | 2,413,407        |               |  |
| Oceanside                            | No               | 1,106,923 | 6,761,517     | No               | 10,699,954    |  | No               | 7,650,155     | No  | 8,670,338        |               |  |
| Poway                                | Yes              | 379,293   | N/A           | Yes              | N/A           |  | No               | 690,200       | No  | 690,992          |               |  |
| San Diego City                       | No               | 7,723,170 | 19,446,050    | No               | 14,873,365    |  | No               | 10,431,231    | No  | 8,722,598        |               |  |
| San Marcos                           | No               | 491,948   | 449,822       | No               | 513,158       |  | No               | 604,917       | Yes | N/A              |               |  |
| Santee                               | Yes              | 347,156   | N/A           | Yes              | N/A           |  | Yes              | N/A           | No  | 363,939          |               |  |
| Solana Beach                         | No               | 111,428   | 1,102,239     | No               | 1,074,085     |  | No               | 2,313,472     | No  | 1,945,657        |               |  |
| Vista                                | No               | 555,506   | 2,247,272     | Yes              | N/A           |  | Yes              | 3,121,303     | No  | 5,972,559        |               |  |
| San Diego County                     | Yes              | 3,193,064 | N/A           | Yes              | N/A           |  | Yes              | 15,275,701    | No  | 23,757,185       |               |  |
| <i>Transit</i>                       |                  |           |               |                  |               |  |                  |               |     |                  |               |  |
| Metropolitan Transit System (MTS)    | Yes              | 5,907,797 | N/A           | No               | 4,033,080     |  | No               | 3,297,498     | No  | 13,171,059       |               |  |
| North County Transit District (NCTD) | Yes              | 3,099,235 | N/A           | Yes              | N/A           |  | Yes              | N/A           | No  | 27,649,971       |               |  |

No = Not in compliance  
Yes = In Compliance

Result: 13 recipient agencies were not in compliance with the 30% Rule and findings were noted in the applicable agency audit reports. 2 agencies, the City of El Cajon and the Metropolitan Transit System, resolved the prior year non-compliance finding and were in compliance at June 30, 2009. One recipient agency, the City of Vista, was in compliance in the prior year, however was not in compliance at June 30, 2009.

# CALTRANS

*TransNet*

*Independent Accountants' Reports  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

# CALTRANS

*TransNet*

## Table of Contents

---

|   | <u>Page</u> |
|---|-------------|
| Independent Accountants' Report.....                                    | 1           |
| <b>Exhibits:</b>  |             |
| A. Schedule A - Schedule of Status of Funds by Project.....             | 7           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project ..... | 9           |



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the State of California, Department of Transportation (CALTRANS) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and CALTRANS in evaluating the compliance with the *TransNet* Ordinances (87-1) and the *TransNet* Extension Ordinances (04-01) for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of CALTRANS' management and determined that CALTRANS does not maintain a separate fund for *TransNet* revenues.

Per discussion with CALTRANS management, the accounts of the *TransNet* Fund are not maintained 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 sub-accounts (expenditure authorization) are maintained for *TransNet*. This alternative approach to maintaining separate accountability for *TransNet* revenue and expenditures has been approved by SANDAG. SANDAG Board Policy No. 031, Rule #6, allows for this alternative approach if approved by SANDAG.

There are no accounts maintained for assets, liabilities and fund balance of the *TransNet* Fund.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- D. For the *TransNet* fund, obtained from CALTRANS a detailed general ledger and a schedule of assets, liabilities, and fund balance for the fiscal year.

Per discussion with CALTRANS management, the accounts of the *TransNet* Fund are not maintained 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 sub-accounts (expenditure authorization) are maintained for *TransNet*. This alternative approach to maintaining separate accountability for *TransNet* revenue and expenditures has been approved by SANDAG. SANDAG Board Policy No. 031, Rule #6, allows for this alternative approach if approved by SANDAG.

There are no accounts maintained for assets, liabilities and fund balance of the *TransNet* Fund.

**Findings:** No findings were noted.

- E. Obtained from CALTRANS the Schedule of Status of Funds by Project (Schedule). The Schedule included a beginning balance, funds received, expenditures, interest income, adjustments, and an ending balance by MPO ID.

- a. Reviewed the Schedule and determined that projects were properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; streets and roads vs. highway; etc). Reviewed the beginning balance from the prior year or provided a footnote of any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues for the fiscal year.

- i. Reviewed the total funds received per the Schedule and agreed to the *TransNet* revenues report. Provided a reconciliation on the Schedule, if necessary.
- ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to CALTRANS by *TransNet* program and compared to the *TransNet* revenues recorded by CALTRANS.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.

Per discussion with Phuong Lim, CALTRANS ORSA/Reimbursement Accounting MS #33, 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 specific 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.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per the Schedule and agreed to the *TransNet* expenditure report. Provided a reconciliation on the Schedule, if necessary.
  - ii. Selected individual expenditures of at least 25% of the total dollar amount of expenditures from the expenditure report and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditure was an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from CALTRANS. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project in the RTIP and completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to the Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from CALTRANS' governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in SANDAG Board Policy No. 031, Rule #17.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

F. Obtained from CALTRANS the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included a beginning balance, funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numerically by MPO ID.

- a. Reviewed the Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and EMPs). Ensured that the ending balance at June 30 agree for those projects reported in both Schedule A and Schedule B.

**Findings:** No findings were noted.

G. Reviewed that the ending fund balance Per Schedule A for those projects that were derived from the agency's annual *TransNet* apportionment was not more that 30% of the agency's current year apportionment (net of debt service payments).

**Findings:** The 30% rule is related to *TransNet* recipients that receive an annual apportionment per the Ordinance. CALTRANS is not a recipient of an annual apportionment; therefore, procedure G did not apply.

H. If applicable, obtained a roll forward schedule (by commercial paper and bonds). The Schedule includes beginning balance of debt, additions, repayments, and the ending balance. Ensured agreement to long term-debt information for each recipient agency provided by SANDAG.

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to CALTRANS.

I. Reviewed the maintenance of effort (MOE) requirement for the cities and the County of San Diego.

**Findings:** 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."

CALTRANS does not receive Streets and Roads funds; therefore, procedure I did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

**Findings:** 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."

CALTRANS does not receive Streets and Roads funds; therefore, procedure J did not apply.

- K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** CALTRANS is not a transit operator; therefore, procedure K did not apply.

- L. For cities and County of San Diego, obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

**Findings:** CALTRANS is not a City or County; therefore, procedure L did not apply.

- M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for ITOC. Therefore, procedure M did not apply.

- N. For SANDAG only, per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan, performed the additional procedures on administrative expenditures.

**Findings:** This procedure is designed for SANDAG. Therefore procedure N did not apply.

- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings and recommendations were noted in the prior year audit. Therefore, procedure O did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

P. Proposed current year findings as a result of performing the above agreed-upon procedures.

**Findings:** As a result of performing the above agreed-upon procedures, there were no findings noted. Therefore, procedure P did not apply.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on CALTRANS' compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 11, 2010

**CALTRANS**

*TransNet* and *TransNet* Extension Activities

**Schedule A - Schedule of Status of Funds by Project**

For the year ended June 30, 2009

| MPO ID                      | Project Name                      | Project Status<br>June 30, 2008 | Funds Received | Project Expenditures | Agency Adjustments | Project Status<br>June 30, 2009 |
|-----------------------------|-----------------------------------|---------------------------------|----------------|----------------------|--------------------|---------------------------------|
| <i>TransNet</i>             |                                   |                                 |                |                      |                    |                                 |
| <b>Highways</b>             |                                   |                                 |                |                      |                    |                                 |
| CAL 01                      | Route 5                           | \$ (49,669)                     | \$ -           | \$ (38,375)          | \$ -               | (88,044) (a)                    |
| CAL 26                      | Route 52                          | 1,228,829                       | -              | (323)                | -                  | 1,228,506                       |
| CAL 31                      | Route 54/125                      | (643,778)                       | -              | (165,945)            | -                  | (809,723) (b)                   |
| CAL 31                      | Route 125                         | 92,715                          | -              | -                    | (92,792)           | (77) (c)                        |
| CAL 31                      | SR-125 8 Lane Freeway             | (1,700,980)                     | -              | (2,188,539)          | 92,792             | (3,796,727) (b)                 |
|                             | <b>Subtotal CAL 31</b>            | <b>(2,252,043)</b>              | <b>-</b>       | <b>(2,354,484)</b>   | <b>-</b>           | <b>(4,606,527)</b>              |
| CAL 69                      | Noise Barrier                     | (380,324)                       | 65,105         | (20,782)             | -                  | (336,001) (d)                   |
|                             | <b>Total Highways</b>             | <b>(1,453,207)</b>              | <b>65,105</b>  | <b>(2,413,964)</b>   | <b>-</b>           | <b>(3,802,066)</b>              |
| <b>Bikes and Pedestrian</b> |                                   |                                 |                |                      |                    |                                 |
| CAL 92                      | SR-5 Bike Path                    | 8,137                           | -              | (2,506)              | -                  | 5,631                           |
|                             | <b>Total Bikes and Pedestrian</b> | <b>8,137</b>                    | <b>-</b>       | <b>(2,506)</b>       | <b>-</b>           | <b>5,631</b>                    |
|                             | <b>Total TransNet</b>             | <b>(1,445,070)</b>              | <b>65,105</b>  | <b>(2,416,470)</b>   | <b>-</b>           | <b>(3,796,435)</b>              |

(continued)

**NOTES:**

- (a) Expenditures in excess of *TransNet* funds in CAL 01 will be moved to another funding source.
- (b) A negative ending balance for *TransNet* projects exist due to payments on hold by a Stop Notice filed by the Otay River Constructors (ORC).
- (c) There was a credit of \$77 posted as an error which was corrected on 08/20/09.
- (d) Expenditures in excess of programmed funds in CAL 69 will be transferred to *TransNet* Extension. Caltrans Reimbursement Accounting Office is in the process of making this adjustment.

TransNet and TransNet Extension Activities

Schedule A - Schedule of Status of Funds by Project, Continued

For the year ended June 30, 2009

| MPO ID  | Project Name                                     | Project Status<br>June 30, 2008 | Funds Received       | Project Expenditures     | Agency Adjustments    | Project Status<br>June 30, 2009 |
|---|--|---------------------------------|----------------------|--------------------------|-----------------------|---------------------------------|
| <b>TransNet</b>   |  |                                 |                      |                          |                       |                                 |
|   | <b>TransNet Total,</b>                           |                                 |                      |                          |                       |                                 |
|   | from previous page                               | \$ (1,445,070)                  | \$ 65,105            | \$ (2,416,470)           | \$ -                  | \$ (3,796,435)                  |
| <b>TransNet Extension</b>                                       |  |                                 |                      |                          |                       |                                 |
| <b>Major Corridor</b>   |  |                                 |                      |                          |                       |                                 |
| CAL 09  | I-5 North Coast                                  | 3,959,929                       | 28,550               | (238,838)                | -                     | 3,749,641                       |
| CAL 09A/B   | I-5 HOV Ext & Lomas Santa Fe                     | (2,320,675)                     | 8,206,500            | (328,623)                | -                     | 5,557,202                       |
| CAL 09C   | I-805 HOV/Carroll Canyon DAR                     | (368,683)                       | 3,810,000            | (7,077,333)              | -                     | (3,636,016) (e)                 |
| CAL 18  | I-15 Managed Lanes - Middle Segment              | 316,477                         | 1,538,000            | (1,636,866)              | -                     | 217,611                         |
| CAL 18A   | I-15 Managed Lanes - North Segment               | 3,223,640                       | 4,975,000            | (8,271,636)              | -                     | (72,996) (e)                    |
| CAL 18B   | I-15 Managed Lanes - South Segment               | 7,161,031                       | -                    | (1,087,264)              | -                     | 6,073,767                       |
| CAL 26  | SR 52 Freeway E&F                                | 6,949,941                       | 325,000              | (5,584,058)              | -                     | 1,690,883                       |
| CAL 26A   | SR 52 HOV/Managed Lanes                          | 776,616                         | -                    | 1,102                    | (777,043)             | 675 (f)                         |
| CAL 26B   | SR 52 Auxiliary Lanes                            | (499,773)                       | 18,240,000           | (16,401,644)             | 386,884               | 1,725,467                       |
| CAL 26C   | SR 52 Truck Lane Extension                       | 386,884                         | -                    | -                        | (386,884)             | -                               |
| CAL 29  | SR 76 Middle                                     | 1,851,937                       | 6,103,426            | (11,495,590)             | -                     | (3,540,227) (e)                 |
| CAL 29B   | SR 76 East                                       | 70,991                          | 40,000               | (165,418)                | -                     | (54,427) (e)                    |
| CAL 69  | Noise Barrier                                    | -                               | 196,833              | (626,366)                | -                     | (429,533) (e)                   |
| CAL 78B   | I-805 North                                      | 233,351                         | 1,802,000            | (2,497,959)              | -                     | (462,608) (e)                   |
| CAL 78C   | I-805 South                                      | 1,030,880                       | -                    | (1,681,543)              | -                     | (650,663) (e)                   |
| SAN04   | I-15 Fas Trak                                    | (142,875)                       | 200,000              | (83,456)                 | -                     | (26,331) (e)                    |
| SAN26   | I-15 BRT Stations-North                          | (61,877)                        | 100,000              | (46,663)                 | -                     | (8,540) (e)                     |
| SAN26B&C  | I-15 BRT Stations-South                          | (45,016)                        | 135,000              | (200,303)                | -                     | (110,319) (e)                   |
| SAN 47  | I-805 BRT  | -                               | -                    | (151,316)                | -                     | (151,316) (e)                   |
| 1200100   | Program Office                                   | -                               | -                    | (171,465)                | -                     | (171,465) (e)                   |
| 001952  | Other  | -                               | -                    | (4,008)                  | -                     | (4,008) (e)                     |
| 105319  | Other  | -                               | -                    | (68,200)                 | -                     | (68,200) (e)                    |
|   | <b>Total Major Corridor</b>                      | <b>22,522,778</b>               | <b>45,700,309</b>    | <b>(57,817,447)</b>      | <b>(777,043)</b>      | <b>9,628,597</b>                |
| <b>Major Corridor Environmental Mitigation Program (MC EMP)</b> |  |                                 |                      |                          |                       |                                 |
| V07   | Mitigation Program                               | (1,945,580)                     | 19,724,500           | (4,585,604) <sup>1</sup> | (1,982,712)           | 11,210,604                      |
|   | <b>Total MC EMP</b>                              | <b>(1,945,580)</b>              | <b>19,724,500</b>    | <b>(4,585,604)</b>       | <b>(1,982,712)</b>    | <b>11,210,604</b>               |
|   | <b>Total TransNet Extension</b>                  | <b>20,577,198</b>               | <b>65,424,809</b>    | <b>(62,403,051)</b>      | <b>(2,759,755)</b>    | <b>20,839,201</b>               |
|   | <b>Total TransNet and<br/>TransNet Extension</b> | <b>\$ 19,132,128</b>            | <b>\$ 65,489,914</b> | <b>\$ (64,819,521)</b>   | <b>\$ (2,759,755)</b> | <b>\$ 17,042,766</b>            |

NOTES:

(e) Billing dollar amounts are determined from historical cost information and cost projections which may not equal the exact amount of actual expenditures. The negative ending balances will be offset by subsequent invoices.

(f) Amount was refunded to SANDAG during FY 08-09.

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| MPO ID  | Project Name                        | Funds                 |                         | Project               |             | Project              |
|---|-------------------------------------|-----------------------|-------------------------|-----------------------|-------------|----------------------|
|   |                                     | Received              | Expenditures            | Agency                | Status      | June 30, 2009        |
| <b>Major Corridor</b>   |                                     |                       |                         |                       |             |                      |
| CAL 09  | I-5 North Coast                     | \$ 6,303,550          | \$ (2,553,909)          | \$ -                  | \$ -        | \$ 3,749,641         |
| CAL 09A/B   | I-5 HOV Ext & Lomas Santa Fe        | 18,946,555            | (13,389,353)            | -                     | -           | 5,557,202            |
| CAL 09C   | I-805 HOV/Caroll Canyon DAR         | 6,465,000             | (10,101,016)            | -                     | -           | (3,636,016)          |
| CAL 18  | I-15 Managed Lanes - Middle Segment | 3,169,000             | (2,951,389)             | -                     | -           | 217,611              |
| CAL 18A   | I-15 Managed Lanes - North Segment  | 14,799,257            | (14,872,253)            | -                     | -           | (72,996)             |
| CAL 18B   | I-15 Managed Lanes - South Segment  | 22,104,481            | (16,030,714)            | -                     | -           | 6,073,767            |
| CAL 26  | SR 52 Freeway E&F                   | 55,355,052            | (53,664,169)            | -                     | -           | 1,690,883            |
| CAL 26A   | SR 52 HOV/Managed Lanes             | 3,716,999             | (2,939,281)             | (777,043)             | -           | 675                  |
| CAL 26B   | SR 52 Auxiliary Lanes               | 24,795,456            | (23,456,873)            | 386,884               | -           | 1,725,467            |
| CAL 26C   | SR 52 Truck Lane Extension          | 3,751,376             | (3,364,492)             | (386,884)             | -           | -                    |
| CAL 29  | SR 76 Middle                        | 11,201,926            | (14,742,153)            | -                     | -           | (3,540,227)          |
| CAL 29B   | SR 76 East                          | 310,000               | (364,427)               | -                     | -           | (54,427)             |
| CAL 69  | OTHER                               | 196,833               | (626,366)               | -                     | -           | (429,533)            |
| CAL 78B   | I-805 North                         | 4,202,000             | (4,664,608)             | -                     | -           | (462,608)            |
| CAL 78C   | I-805 South                         | 4,147,000             | (4,797,663)             | -                     | -           | (650,663)            |
| SAN04   | I-15 Fas Trak                       | 200,000               | (226,331)               | -                     | -           | (26,331)             |
| SAN26   | I-15 BRT Stations-North             | 100,000               | (108,540)               | -                     | -           | (8,540)              |
| SAN26B&C  | I-15 BRT Stations-South             | 145,000               | (255,319)               | -                     | -           | (110,319)            |
| SAN 47  | I-805 BRT                           | -                     | (151,316)               | -                     | -           | (151,316)            |
| 1200100   | Program Office                      | -                     | (171,465)               | -                     | -           | (171,465)            |
| 001952  | Other                               | -                     | (4,008)                 | -                     | -           | (4,008)              |
| 105319  | Other                               | -                     | (68,200)                | -                     | -           | (68,200)             |
|   | <b>Total Major Corridor</b>         | <b>179,909,485</b>    | <b>(169,503,845)</b>    | <b>(777,043)</b>      | <b>-</b>    | <b>9,628,597</b>     |
| <b>Major Corridor Environmental Mitigation Program (MC EMP)</b> |                                     |                       |                         |                       |             |                      |
| V 07  | Mitigation Program                  | 40,964,700            | (27,771,384)            | (1,982,712)           | -           | 11,210,604           |
|   | <b>Total MC EMP</b>                 | <b>40,964,700</b>     | <b>(27,771,384)</b>     | <b>(1,982,712)</b>    | <b>-</b>    | <b>11,210,604</b>    |
|   | <b>Total TransNet Extension</b>     | <b>\$ 220,874,185</b> | <b>\$ (197,275,229)</b> | <b>\$ (2,759,755)</b> | <b>\$ -</b> | <b>\$ 20,839,201</b> |

**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 and Environmental Mitigation Program funding.

# City of Carlsbad

Carlsbad, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of Carlsbad**  
*TransNet Fund*

**Table of Contents**

---

|   | <u>Page</u> |
|---|-------------|
| <b>Independent Accountants' Report</b> .....                            | 1           |
| <b>Exhibits:</b>  |             |
| A. Schedule A - Schedule of Status of Funds by Project.....             | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project ..... | 9           |
| C. Schedule of RTCIP funds.....   | 10          |
| D. Schedule of Findings and Recommendations .....                       | 11          |



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Carlsbad, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                   |
|--|-------------------|
| 2009 Apportionment                     | \$ 2,228,136      |
| Less: debt service payment             | -                 |
| Net Estimated Apportionment            | <u>2,228,136</u>  |
| 30% base                               | <u>30%</u>        |
| FY 2009 30% Threshold                  | <u>668,441</u>    |
| Fund Balance per Schedule A            | <u>1,587,516</u>  |
| Excess Fund Balance Over Apportionment | <u>\$ 919,075</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$919,075.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                     |
|---|---------------------|
| Current year local discretionary expenditures on streets and roads              | \$ 8,712,515        |
| Less: Maintenance of effort base  | <u>(6,183,329)</u>  |
| Excess (deficit) of current year local discretionary expenditures over MOE base | <u>\$ 2,529,186</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |       |
|--|--------|--------|-------------|-------|
|  | 2009   | 2006   | Growth Rate |       |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90        | Times |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |                |                |             |       |
|---|----------------|----------------|-------------|-------|
|   | 2009           | 2006           | Growth Rate |       |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 112,819,889 | \$ 105,947,530 | 1.06        | Times |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90        |
| Times       |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |              |
|---------------------------------------|--------------|
| Previously approved MOE base          | \$ 6,183,329 |
| Growth rate                           | 0.90         |
| Adjusted MOE base as of June 30, 2009 | \$ 5,564,996 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

i. Reviewed that the City is using the most current approved fee amount.

ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."

iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.

iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness

v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule and in 2009 the same finding existed. The City addressed the 2008 finding by revising their *TransNet* drawdown policy to comply with SANDAG's Board Policy No. 031, Rule 17, Section V. Based on their new policy, the City will only drawdown *TransNet* funds when the City's *TransNet* cash balance falls below the 30% threshold. As such, the City did not drawdown *TransNet* funds during 2009. The City exceeded the 30% rule again in 2009 because the City's *TransNet* cash balance at the beginning of 2009 was higher than the amount of expenditures during 2009. The "excess street and road project status balance over the threshold" was reduced from \$2,848,609 in 2008 to \$919,075 in 2009.

- P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 11, 2010

TransNet and TransNet Extension Activities

Schedule A - Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID   | Project Name                       | Project Status July 1, 2008 | Funds Received | Interest Income   | Project Expenditures  | City Adjustments    | Project Status June 30, 2009 |     |
|--|------------------------------------|-----------------------------|----------------|-------------------|-----------------------|---------------------|------------------------------|-----|
| <b>TransNet</b>  |                                    |                             |                |                   |                       |                     |                              |     |
| <b>Highways</b>  |                                    |                             |                |                   |                       |                     |                              |     |
| 01-H-001   | Cannon Road                        | \$ 2,665                    | \$ -           | \$ 118            | \$ -                  | \$ -                | \$ 2,783                     | (a) |
| 01-H-004   | College Blvd./Cannon Rd.           | 1,293,366                   | -              | 57,785            | (6,188)               | -                   | 1,344,963                    |     |
| <b>Total Highways</b>                                      |                                    | <u>1,296,031</u>            | <u>-</u>       | <u>57,903</u>     | <u>(6,188)</u>        | <u>-</u>            | <u>1,347,746</u>             |     |
| <b>Streets and Roads</b>                                   |                                    |                             |                |                   |                       |                     |                              |     |
| CB04   | ECR Widening- North of Cougar      | 254,037                     | -              | 9,377             | (267,044)             | -                   | (3,630)                      | (b) |
| CB07   | Pavement Management/ St. Overlay   | 2,988,062                   | -              | 72,110            | (1,540,080)           | -                   | 1,520,092                    |     |
| CB09   | Bridge Replacement- Carlsbad Blvd. | 43,842                      | -              | 4,073             | (14,657)              | -                   | 33,258                       |     |
| 01-L-018   | South Carlsbad Village Storm Drain | 35,843                      | -              | 1,953             | -                     | (37,796)            | -                            | (c) |
| <b>Total Streets and Roads</b>                             |                                    | <u>3,321,784</u>            | <u>-</u>       | <u>87,513</u>     | <u>(1,821,781)</u>    | <u>(37,796)</u>     | <u>1,549,720</u>             |     |
| <b>Bikes and Pedestrian</b>                                |                                    |                             |                |                   |                       |                     |                              |     |
| CB15   | Bicycle Master Plan                | 3,284                       | -              | 117               | (1,113)               | -                   | 2,288                        |     |
| 01-B-006   | Coastal Rail Trail                 | 49,827                      | -              | 1,984             | (11,074)              | -                   | 40,737                       |     |
| <b>Total Bikes and Pedestrian</b>                          |                                    | <u>53,111</u>               | <u>-</u>       | <u>2,101</u>      | <u>(12,187)</u>       | <u>-</u>            | <u>43,025</u>                |     |
| <b>Total TransNet</b>                                      |                                    | <u>\$ 4,670,926</u>         | <u>\$ -</u>    | <u>\$ 147,517</u> | <u>\$ (1,840,156)</u> | <u>\$ (37,796)</u>  | <u>\$ 2,940,491</u>          |     |
| <b>TransNet Extension</b>                                  |                                    |                             |                |                   |                       |                     |                              |     |
| <b>Local Street Improvements</b>                           |                                    |                             |                |                   |                       |                     |                              |     |
| <b>Congestion Relief:</b>                                  |                                    |                             |                |                   |                       |                     |                              |     |
| CB20   | Pavement Management- Overlay       | -                           | -              | -                 | -                     | 37,796              | 37,796                       | (c) |
| <b>Subtotal Congestion Relief</b>                          |                                    | <u>-</u>                    | <u>-</u>       | <u>-</u>          | <u>-</u>              | <u>37,796</u>       | <u>37,796</u>                |     |
| <b>Total TransNet Extension</b>                            |                                    | <u>\$ -</u>                 | <u>\$ -</u>    | <u>\$ -</u>       | <u>\$ -</u>           | <u>\$ 37,796</u>    | <u>\$ 37,796</u>             |     |
| <b>Non-TransNet</b>  |                                    |                             |                |                   |                       |                     |                              |     |
| 01-L-018   | South Carlsbad Village Storm Drain | 335,935                     | -              | 15,066            | -                     | (351,001)           | -                            | (d) |
| <b>Total Non-TransNet</b>                                  |                                    | <u>\$ 335,935</u>           | <u>\$ -</u>    | <u>\$ 15,066</u>  | <u>\$ -</u>           | <u>\$ (351,001)</u> | <u>\$ -</u>                  |     |
| <b>Total TransNet, TransNet Extension and Non-TransNet</b> |                                    | <u>\$ 5,006,861</u>         | <u>\$ -</u>    | <u>\$ 162,583</u> | <u>\$ (1,840,156)</u> | <u>\$ (351,001)</u> | <u>\$ 2,978,287</u>          |     |

Notes:

- (a) The project is complete. Funds were returned to SANDAG during the beginning of fiscal year 2009-2010.
- (b) Due to the revision of the City's TransNet draw down policy to comply with SANDAG's 30% rule, funds will only be drawn down when the City's cash balance falls below the 30% threshold. Therefore, the project's balance is negative because there is insufficient cash on-hand to cover the project expenditures.
- (c) The project is complete. Funds are being re-programmed to the Pavement Management-Overlay project (CB20) as authorized via Carlsbad Resolution No. 2009-306.
- (d) The project is complete. The remaining SIP funds are being transferred to another eligible project outside of TransNet.



**City of Carlsbad**

**Exhibit B**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| MPO<br>ID                        | Project Name                      | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|----------------------------------|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| <b>Local Street Improvements</b> |                                   |                   |                    |                         |                     |                                    |
| <i>Congestion Relief:</i>        |                                   |                   |                    |                         |                     |                                    |
| CB20                             | Pavement Management- Overlay      | \$ -              | \$ -               | \$ -                    | \$ 37,796           | \$ 37,796                          |
|                                  | <b>Subtotal Congestion Relief</b> | <u>-</u>          | <u>-</u>           | <u>-</u>                | <u>37,796</u>       | <u>37,796</u>                      |
|                                  | <b>Total TransNet Extension:</b>  | <u>\$ -</u>       | <u>\$ -</u>        | <u>\$ -</u>             | <u>\$ 37,796</u>    | <u>\$ 37,796</u>                   |

**City of Carlsbad**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

**Exhibit C**

RTCIP

| Project Name                            | Project<br>Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|---|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                              | \$ 224,640        | \$ 10,014          | \$ -                    | \$ -                | \$ 234,654                         |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                       | <b>\$ 224,640</b> | <b>\$ 10,014</b>   | <b>\$ -</b>             | <b>\$ -</b>         | <b>\$ 234,654</b>                  |

# City of Chula Vista

Chula Vista, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
*Certified Public Accountants*

**City of Chula Vista**  
**TransNet Fund**

**Table of Contents**

---

|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | 1           |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 10          |
| C. Schedule of RTCIP funds.....  | 11          |
| D. Schedule of Findings and Recommendations.....                       | 12          |



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Chula Vista, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                      |
|--|----------------------|
| 2009 Apportionment                     | \$ 4,272,841         |
| Less: debt service payment             | -                    |
| Net Estimated Apportionment            | <u>4,272,841</u>     |
| 30% base                               | 30%                  |
| FY 2009 30% Threshold                  | <u>1,281,852</u>     |
| Fund Balance per Schedule A            | <u>11,297,758</u>    |
| Excess Fund Balance Over Apportionment | <u>\$ 10,015,906</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$10,015,906.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                     |
|---|---------------------|
| Current year local discretionary expenditures on streets and roads              | \$ 5,346,922        |
| Less: Maintenance of effort base  | <u>(4,166,208)</u>  |
| Excess (deficit) of current year local discretionary expenditures over MOE base | <u>\$ 1,180,714</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |                |                |             |
|---|----------------|----------------|-------------|
|   | 2009           | 2006           | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 140,525,374 | \$ 139,285,045 | 1.01 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |              |
|---------------------------------------|--------------|
| Previously approved MOE base          | \$ 4,166,208 |
| Growth rate                           | 0.90         |
| Adjusted MOE base as of June 30, 2009 | \$ 3,749,587 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

- L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.  
a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

- c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.  
i. Reviewed that the City is using the most current approved fee amount.  
ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."  
iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.  
iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness  
v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule and in 2009 the same finding existed. Therefore, the finding on the 30% rule and the specific recommendation were not adequately addressed by the City.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
February 2, 2010

TransNet and TransNet Extension Activities

Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                     | CIP Number | Project Name                               | Project             | Funds         | Interest       | Project            | City               | Project              |         |
|----------------------------|------------|--|---------------------|---------------|----------------|--------------------|--------------------|----------------------|---------|
|                            |            |  | Status July 1, 2008 | Received      | Income         | Expenditures       | Adjustments        | Status June 30, 2009 |         |
| <b>TransNet</b>            |            |  |                     |               |                |                    |                    |                      |         |
| <b>Highway</b>             |            |  |                     |               |                |                    |                    |                      |         |
|                            | STM334     | 99/"H" St reconstruction 805               | \$ (496)            | \$ -          | \$ -           | \$ -               | \$ -               | \$ (496)             | (c)     |
|                            |            | <b>Total Highway</b>                       | <b>(496)</b>        | <b>-</b>      | <b>-</b>       | <b>-</b>           | <b>-</b>           | <b>(496)</b>         |         |
| <b>Streets and Roads</b>   |            |  |                     |               |                |                    |                    |                      |         |
| CHV 01                     | STM328     | Olympic Parkway/I-805                      | (472,685)           | -             | -              | (17,997)           | 472,685            | (17,997)             | (a),(d) |
| CHV 06                     | STL238     | Pavement Rehabilitation 06-07              | 6,757,637           | -             | 188,722        | -                  | (472,685)          | 6,473,674            | (a),(e) |
| CHV 06                     | STL286     | Sidewalk Improvement Otay Lakes Rd.        | (232,386)           | -             | -              | (4,495)            | -                  | (236,881)            | (d)     |
| CHV 06                     | STL310     | Pavement Rehabilitation-04/05              | 1,894,331           | -             | 53,081         | (841)              | -                  | 1,946,571            |         |
| CHV 06                     | STL315     | Pavement Rehabilitation-05/06              | 2,560,986           | -             | 71,785         | -                  | (2,495,000)        | 137,771              | (b)     |
| CHV 06                     | STL316     | Pavement Rehabilitation                    | 2,319,792           | -             | 65,020         | -                  | -                  | 2,384,812            |         |
| CHV 06                     | STL325     | Pavement Testing & Management              | (136,703)           | -             | -              | (3,938)            | -                  | (140,641)            | (e)     |
| CHV 06                     | STL335     | Pavement Rehabilitation -07/08             | (1,943)             | -             | -              | (1,340,133)        | -                  | (1,342,076)          | (e)     |
| CHV 06                     | STL340     | Pavement Rehabilitation-06/07              | 1,119,330           | -             | -              | (3,353,827)        | -                  | (2,234,497)          | (e)     |
| CHV 06                     | STL346     | Pavement Major Rehabilitaion               | -                   | -             | -              | (28,366)           | -                  | (28,366)             | (e)     |
| CHV 06                     | SW233      | Moss Street Woodlawn to Broadway           | (1,006,759)         | -             | -              | (97,484)           | -                  | (1,104,243)          | (e)     |
|                            |            | <b>Subtotal CHV 06</b>                     | <b>13,274,285</b>   | <b>-</b>      | <b>378,608</b> | <b>(4,829,084)</b> | <b>(2,967,685)</b> | <b>5,856,124</b>     |         |
| CHV 18                     | STL287     | Castle Park Elementary Sidewalk Imprv.     | 117,533             | -             | 3,303          | -                  | -                  | 120,836              |         |
| CHV 18                     | STL291     | Fourth Ave Sidewalk Improvement            | 1,144,624           | -             | 30,834         | (87,915)           | -                  | 1,087,543            |         |
| CHV 18                     | STL292     | ADA Curb Cuts 03/04                        | (71)                | -             | -              | -                  | -                  | (71)                 | (d)     |
| CHV 18                     | STL299     | Third Ave Sidewalks - D to 4th Ave         | 53,750              | -             | 1,502          | (119)              | -                  | 55,133               |         |
| CHV 18                     | STL307     | Sidewalk Installation/Rehabilitation 04/05 | (34,620)            | -             | -              | (545)              | -                  | (35,165)             | (d)     |
| CHV 18                     | STL321     | Sidewalk Rehab/Installation                | 188,746             | -             | 5,301          | (59)               | -                  | 193,988              |         |
| CHV 18                     | STL336     | Sidewalk Rehabilitation/Installation       | (3,926)             | -             | -              | (1,631)            | -                  | (5,557)              | (d)     |
| CHV 18                     | STL347     | Sidewalk Installation                      | -                   | -             | -              | (816)              | -                  | (816)                | (d)     |
|                            |            | <b>Subtotal CHV 18</b>                     | <b>1,466,036</b>    | <b>-</b>      | <b>40,940</b>  | <b>(91,085)</b>    | <b>-</b>           | <b>1,415,891</b>     |         |
| CHV 19                     | STM354     | North Broadway Pavement Reconstruction     | -                   | -             | -              | (102,807)          | 2,368,000          | 2,265,193            | (b)     |
| CHV 22                     | OP202      | CIP Advanced Planning                      | (24,257)            | -             | -              | -                  | 77,000             | 52,743               | (b)     |
| CHV 29                     | STL328     | L Street Imprv from Monserate to Nacio     | 525,010             | -             | 14,488         | (18,951)           | -                  | 520,547              |         |
| CHV 30                     | STM361     | I5 Multi-Modal Corridor Imprv. Study       | (4,145)             | 50,000        | -              | (45,855)           | -                  | -                    |         |
| CHV 33                     | TF345      | School Zone Traffic Calming                | 272,800             | -             | 7,003          | (68,876)           | -                  | 210,927              |         |
| CHV 33                     | TF362      | Kids Walk/Bike to School Phase II          | (7,084)             | -             | -              | -                  | -                  | (7,084)              | (d)     |
|                            |            | <b>Subtotal CHV 33</b>                     | <b>265,716</b>      | <b>-</b>      | <b>7,003</b>   | <b>(68,876)</b>    | <b>-</b>           | <b>203,843</b>       |         |
| CHV 34                     | TF327      | Neighborhood Traffic & Pedestrian Safety   | 174,501             | -             | 3,408          | (149,834)          | -                  | 28,075               |         |
| CHV 35                     | TF325      | Transportation Planning Program            | -                   | -             | -              | (30,967)           | -                  | (30,967)             | (d)     |
| CHV 35                     | TF332      | Signing and Stripping Program              | 78,979              | -             | 791            | (84,339)           | -                  | (4,569)              | (d)     |
| CHV 35                     | TF344      | I805 Direct Access Ramp E H and E Palo     | 19,499              | -             | 323            | (19,008)           | -                  | 814                  |         |
|                            |            | <b>Subtotal CHV 35</b>                     | <b>98,478</b>       | <b>-</b>      | <b>1,114</b>   | <b>(134,314)</b>   | <b>-</b>           | <b>(34,722)</b>      |         |
| CHV 39                     | TF350      | Traffic Signal System Optimization         | 157,387             | -             | 2,872          | (140,419)          | -                  | 19,840               |         |
| CHV 40                     | STL337     | Bayshore Bikeway Segment 7& 8              | 1,549               | -             | 46             | -                  | -                  | 1,595                |         |
| CHV 41                     | TF358      | West Side Transportation DIF               | 214,908             | -             | 5,873          | (7,592)            | -                  | 213,189              |         |
| CHV 42                     | TF353      | Major Intersection Safety Program          | 11,349              | -             | 217            | (5,098)            | -                  | 6,468                |         |
| CHV 43                     | TF354      | Traffic Congestion Relief Program          | 80,732              | -             | 2,266          | -                  | -                  | 82,998               |         |
| CHV 44                     | TF356      | Otay Mesa Transportation System            | 94,489              | -             | 2,512          | (7,675)            | -                  | 89,326               |         |
|                            |            | <b>Subtotal Streets and Roads</b>          | <b>15,863,353</b>   | <b>50,000</b> | <b>459,347</b> | <b>(5,619,587)</b> | <b>(50,000)</b>    | <b>10,703,113</b>    |         |
|                            |            | Unallocated                                | 472,685             | -             | -              | -                  | 69,350             | 542,035              | (d),(f) |
|                            |            | <b>Total Streets and Roads</b>             | <b>16,336,038</b>   | <b>50,000</b> | <b>459,347</b> | <b>(5,619,587)</b> | <b>19,350</b>      | <b>11,245,148</b>    |         |
| <b>Bike and Pedestrian</b> |            |  |                     |               |                |                    |                    |                      |         |
| CHV 27                     | ST298      | Bay Blvd Bike Path E to F Street           | -                   | -             | -              | (176)              | -                  | (176)                | (c)     |
|                            |            | <b>Total Bike and Pedestrian</b>           | <b>-</b>            | <b>-</b>      | <b>-</b>       | <b>(176)</b>       | <b>-</b>           | <b>(176)</b>         |         |
|                            |            | <b>Total TransNet</b>                      | <b>16,335,542</b>   | <b>50,000</b> | <b>459,347</b> | <b>(5,619,763)</b> | <b>19,350</b>      | <b>11,244,476</b>    |         |

**TransNet and TransNet Extension Activities  
Schedule of Status of Funds by Project  
For the year ended June 30, 2009**

| MPO ID                                       | CIP Number | Project Name                                 | Project       | Funds      | Interest   | Project        | City        | Project          |
|--|------------|--|---------------|------------|------------|----------------|-------------|------------------|
|  |            |  | Status        | Received   | Income     | Expenditures   | Adjustments | Status           |
|  |            |  | July 1, 2008  |            |            |                |             | June 30, 2009    |
| <b>Total forwarded from previous page</b>    |            |  | \$ 16,335,542 | \$ 50,000  | \$ 459,347 | \$ (5,619,763) | \$ 19,350   | \$ 11,244,476    |
| <b>TransNet Extension</b>                    |            |  |               |            |            |                |             |                  |
| <b>Local Street Improvements</b>             |            |  |               |            |            |                |             |                  |
| <b>Congestion Relief</b>                     |            |  |               |            |            |                |             |                  |
| CHV 30                                       | STM361     | 15 Multi-Modal Corridor Improv. Study        | -             | 100,000    | -          | (31,362)       | -           | 68,638           |
| CHV 30                                       | STM362     | I-5/H Street Interchange Improvement         | -             | -          | -          | (14,583)       | -           | (14,583) (d)     |
| <b>Subtotal CHV 30</b>                       |            |  | -             | 100,000    | -          | (45,945)       | -           | 54,055           |
| CHV 37                                       | STL280     | Palomar Gateway                              | -             | 200,000    | 3,976      | (127,033)      | -           | 76,943           |
| CHV 48                                       | STL345     | Pavement major Rehabilitation                | -             | -          | -          | (6,317)        | -           | (6,317) (d)      |
| CHV 39                                       | TF350      | Traffic Signal System Optimization           | -             | 25,000     | 700        | -              | -           | 25,700           |
| CHV 33                                       | TF361      | Safe Routes 2 Schl Otay/Rice Elm             | -             | -          | -          | (69,221)       | -           | (69,221) (d)     |
| <b>Subtotal Congestion Relief</b>            |            |  | -             | 325,000    | 4,676      | (248,516)      | -           | 81,160           |
| <b>Maintenance</b>                           |            |  |               |            |            |                |             |                  |
| CHV 22                                       | OP202      | CIP Advanced Planning                        | -             | 45,000     | -          | (45,000)       | -           | -                |
| CHV 22                                       | OP208      | CIP Management & Equipment Purchase          | -             | -          | -          | (18,960)       | 5,000       | (13,960) (b),(d) |
| <b>Subtotal CHV 22</b>                       |            |  | -             | 45,000     | -          | (63,960)       | 5,000       | (13,960)         |
| CHV 26                                       | STL323     | Pedestrian Master Plan                       | -             | -          | -          | (10,696)       | 45,000      | 34,304 (b)       |
| CHV 35                                       | TF366      | Traffic Signal & St. Lighting Upgrade/Maint. | -             | 20,000     | -          | (153,954)      | -           | (133,954) (d)    |
| CHV 35                                       | TF369      | Three Park Bicycle Facility Improvement      | -             | -          | -          | (337)          | -           | (337) (d)        |
| <b>Subtotal CHV 35</b>                       |            |  | -             | 20,000     | -          | (154,291)      | -           | (134,291)        |
| CHV 45                                       | TF321      | Citywide Traffic Count Program               | -             | -          | -          | (20,012)       | -           | (20,012) (d)     |
| CHV 46                                       | TF368      | Harborside Elementary Pedestrian Improv.     | -             | 85,000     | -          | -              | -           | 85,000           |
| CHV 47                                       | TF367      | Urban Core Srvs Level Threshold Study        | -             | 20,000     | 558        | (149)          | -           | 20,409           |
| <b>Subtotal Maintenance</b>                  |            |  | -             | 170,000    | 558        | (249,108)      | 50,000      | (28,550)         |
| <b>Total Local Street Improvements</b>       |            |  | -             | 495,000    | 5,234      | (497,624)      | 50,000      | 52,610           |
| <b>Total TransNet Extension</b>              |            |  | -             | 495,000    | 5,234      | (497,624)      | 50,000      | 52,610           |
| <b>Total TransNet and TransNet Extension</b> |            |  | \$ 16,335,542 | \$ 545,000 | \$ 464,581 | \$ (6,117,387) | \$ 69,350   | \$ 11,297,086    |

- Notes: (a) The City submitted an RTIP Amendment (13th Amendment of the 2008 RTIP) for STM328 (CHV 01) in May of 2009 to cover the \$472K deficit.  
 (b) The City transferred \$2,495,000 from STL315 (CHV 06), \$2,368,000 to STM354 (CHV 19), \$45,000 to STL323 (CHV 26), \$77,000 to OP202 (CHV 22) and \$5,000 to OP208 (CHV 22) in FY10 (13th Amendment of the 2008 RTIP).  
 (c) The City will transfer \$496 and \$176 from another funding source in FY10 to cover the deficit in STM334.  
 (d) The City's intent was to use Cash on Hand (unallocated fund balance) to cover the deficits in STM328, STL286, STL292, STL307, STL336, STL347, TF362, TF325, TF332, STM362, STL345, TF361, OP208, TF366, TF369 & TF321. The City will seek approval from the Council.  
 (e) It was the City's intent to consolidate all of their pavement projects under STL238 (CHV 06). In future years, it was decided to allocate the City-wide pavement rehab to different CIPs to help manage the project. The City will allocate the project surplus from STL238 to the various pavement projects under MPO ID CHV 06 via Council in FY10.  
 (f) The City received \$69,350 reimbursement for prior year expenditures for the State's portion of STM328.

TransNet Extension Activities

Schedule B - Cumulative Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                            | CIP Number | Project Name                                 | Funds Received    | Interest Income | Project Expenditures | City Adjustments | Project Status June 30, 2009 |
|-----------------------------------|------------|--|-------------------|-----------------|----------------------|------------------|------------------------------|
| <b>TransNet Extension</b>         |            |  |                   |                 |                      |                  |                              |
| <b>Local Street Improvements</b>  |            |  |                   |                 |                      |                  |                              |
| <b>Congestion Relief</b>          |            |  |                   |                 |                      |                  |                              |
| CHV 30                            | STM361     | 15 Multi-Modal Corridor Improv. Study        | \$ 100,000        | \$ -            | \$ (31,362)          | \$ -             | \$ 68,638                    |
| CHV 30                            | STM362     | I-5/H Street Interchange Improvement         | -                 | -               | (14,583)             | -                | (14,583)                     |
| <b>Subtotal CHV 30</b>            |            |  | <b>100,000</b>    | <b>-</b>        | <b>(45,945)</b>      | <b>-</b>         | <b>54,055</b>                |
| CHV 37                            | STL280     | Palomar Gateway                              | 200,000           | 3,976           | (127,033)            | -                | 76,943                       |
| CHV 48                            | STL345     | Pavement Major Rehabilitation                | -                 | -               | (6,317)              | -                | (6,317)                      |
| CHV 39                            | TF350      | Traffic Signal System Optimization           | 25,000            | 700             | -                    | -                | 25,700                       |
| CHV 33                            | TF361      | Safe Routes 2 Schl Otay/Rice Elm             | -                 | -               | (69,221)             | -                | (69,221)                     |
| <b>Subtotal Congestion Relief</b> |            |  | <b>325,000</b>    | <b>4,676</b>    | <b>(248,516)</b>     | <b>-</b>         | <b>81,160</b>                |
| <b>Maintenance</b>                |            |  |                   |                 |                      |                  |                              |
| CHV 22                            | OP202      | CIP Advanced Planning                        | 45,000            | -               | (45,000)             | -                | -                            |
| CHV 22                            | OP208      | CIP Management & Equipment Purchase          | -                 | -               | (18,960)             | 5,000            | (13,960)                     |
| <b>Subtotal CHV 22</b>            |            |  | <b>45,000</b>     | <b>-</b>        | <b>(63,960)</b>      | <b>5,000</b>     | <b>(13,960)</b>              |
| CHV 26                            | STL323     | Pedestrian Master Plan                       | -                 | -               | (10,696)             | 45,000           | 34,304                       |
| CHV 35                            | TF366      | Traffic Signal & St. Lighting Upgrade/Maint. | 20,000            | -               | (153,954)            | -                | (133,954)                    |
| CHV 35                            | TF369      | Three Park Bicycle Facility Improvement      | -                 | -               | (337)                | -                | (337)                        |
| <b>Subtotal CHV 35</b>            |            |  | <b>20,000</b>     | <b>-</b>        | <b>(154,291)</b>     | <b>-</b>         | <b>(134,291)</b>             |
| CHV 45                            | TF321      | Citywide Traffic Count Program               | -                 | -               | (20,012)             | -                | (20,012)                     |
| CHV 46                            | TF368      | Harborside Elementary Pedestrian Improv.     | 85,000            | -               | -                    | -                | 85,000                       |
| CHV 47                            | TF367      | Urban Core Srvs Level Threshold Study        | 20,000            | 558             | (149)                | -                | 20,409                       |
| <b>Subtotal Maintenance</b>       |            |  | <b>170,000</b>    | <b>558</b>      | <b>(249,108)</b>     | <b>50,000</b>    | <b>(28,550)</b>              |
| <b>Local Street Improvements</b>  |            |  | <b>495,000</b>    | <b>5,234</b>    | <b>(497,624)</b>     | <b>50,000</b>    | <b>52,610</b>                |
| <b>Total TransNet Extension</b>   |            |  | <b>\$ 495,000</b> | <b>\$ 5,234</b> | <b>\$ (497,624)</b>  | <b>\$ 50,000</b> | <b>\$ 52,610</b>             |

City of Chula Vista

RTCIP Fund

For the year ended June 30, 2009

Exhibit C

RTCIP

| Project Name                            | Project                | Funds     | Interest | Project      | City        | Project                 |
|---|------------------------|-----------|----------|--------------|-------------|-------------------------|
|   | Status<br>July 1, 2008 | Received  | Income   | Expenditures | Adjustments | Status<br>June 30, 2009 |
| For the fiscal year ended June 30, 2009 | \$ -                   | \$ 32,818 | \$ 1,549 | \$ -         | \$ -        | \$ 34,367               |
| Total                                   | \$ -                   | \$ 32,818 | \$ 1,549 | \$ -         | \$ -        | \$ 34,367               |

**City of Chula Vista**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

Exhibit D

---

**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |    |            |
|--|----|------------|
| 2009 Apportionment                     | \$ | 4,272,841  |
| Less: debt service payment             |    | -          |
| Net Estimated Apportionment            |    | 4,272,841  |
| 30% base                               |    | 30%        |
| FY 2009 30% Threshold                  |    | 1,281,852  |
| Fund Balance per Schedule A            |    | 11,297,758 |
| Excess Fund Balance Over Apportionment | \$ | 10,015,906 |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's Response**

Construction of two major projects funded by *TransNet* was delayed for unforeseen issues. Specifically, a contract for STM 354 North Broadway Rasin Reconstruction was awarded in the amount of \$1,672,975 to MJC Construction on August 11, 2009. This project is now in construction and anticipated to be completed in the next several months. A second contract for STL 291 Fourth Ave Improvement Project was also awarded to MJC on November 3, 2009. This project is partially funded by *TransNet* in the amount of \$908,111. Due to difficulties with the under grounding of utilities and an existing franchise agreement the start date was delayed and is now scheduled. This will bring the City in compliance with both the 2009 and 2010 30% threshold.

# City of Coronado

Coronado, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of Coronado**  
*TransNet Fund*

**Table of Contents**

---

|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | 1           |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. Schedule of RTCIP funds.....  | 10          |
| D. Schedule of Findings and Recommendations.....                       | 11          |



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Coronado, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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4858 Mercury, Suite 106  
San Diego, California 92111

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                   |
|--|-------------------|
| 2009 Apportionment                     | \$ 486,846        |
| Less: debt service payment             | -                 |
| Net Estimated Apportionment            | <u>486,846</u>    |
| 30% base                               | 30%               |
| FY 2009 30% Threshold                  | <u>146,054</u>    |
| Fund Balance per Schedule A            | <u>654,392</u>    |
| Excess Fund Balance Over Apportionment | <u>\$ 508,338</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$508,338.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                   |
|---|-------------------|
| Current year local discretionary expenditures on streets and roads    | \$ 1,372,032      |
| Less: Maintenance of effort base                                      | <u>(865,298)</u>  |
| Excess of current year local discretionary expenditures over MOE base | <u>\$ 506,734</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |
|---|---------------|---------------|-------------|
|   | 2009          | 2006          | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 42,529,049 | \$ 41,185,343 | 1.03 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |            |
|---------------------------------------|------------|
| Previously approved MOE base          | \$ 865,298 |
| Growth rate                           | 0.90       |
| Adjusted MOE base as of June 30, 2009 | \$ 778,768 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.  
a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

- i. Reviewed that the City is using the most current approved fee amount.
- ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."
- iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.
- iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness.
- v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule and in 2009 the same finding existed. Therefore, the finding on the 30% rule and the specific recommendation were not adequately addressed by the City.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 11, 2010

*TransNet* and *TransNet* Extension Activities  
 Schedule A - Schedule of Status of Funds by Project  
 For the year ended June 30, 2009

| MPO ID                           | Project Name   | Project           | Funds             | Interest         | Project             | City        | Project           |
|----------------------------------|--|-------------------|-------------------|------------------|---------------------|-------------|-------------------|
|                                  |  | Status            | Received          | Income           | Expenditures        | Adjustments | Status            |
|                                  |  | July 1, 2008      |                   |                  |                     |             | June 30, 2009     |
| <i>TransNet</i>                  |  |                   |                   |                  |                     |             |                   |
| <b>Streets and Roads</b>         |  |                   |                   |                  |                     |             |                   |
| COR 04                           | Street and Road Maintenance                                | \$ (111,656)      | \$ 47,003         | \$ -             | \$ (2,186)          | \$ -        | \$ (66,839) (a)   |
| COR 07                           | Street and Road Rehabilitation                             | 525,540           | 478,000           | 16,367           | (584,415)           | -           | 435,492           |
| COR 09                           | Sixth and Orange Drainage Improvements                     | -                 | 95,000            | 3,710            | -                   | -           | 98,710            |
|                                  | <b>Total Streets and Roads</b>                             | <u>\$ 413,884</u> | <u>\$ 620,003</u> | <u>\$ 20,077</u> | <u>\$ (586,601)</u> | <u>\$ -</u> | <u>\$ 467,363</u> |
|                                  | <b>Total <i>TransNet</i></b>                               | <u>\$ 413,884</u> | <u>\$ 620,003</u> | <u>\$ 20,077</u> | <u>\$ (586,601)</u> | <u>\$ -</u> | <u>\$ 467,363</u> |
| <i>TransNet</i> Extension        |  |                   |                   |                  |                     |             |                   |
| <b>Local Street Improvements</b> |  |                   |                   |                  |                     |             |                   |
| <i>Congestion Relief</i>         |  |                   |                   |                  |                     |             |                   |
| COR 07                           | Street and Road Rehabilitation                             | -                 | 180,000           | 7,029            | -                   | -           | 187,029           |
|                                  | <b>Subtotal Congestion Relief</b>                          | <u>-</u>          | <u>180,000</u>    | <u>7,029</u>     | <u>-</u>            | <u>-</u>    | <u>187,029</u>    |
|                                  | <b>Total <i>TransNet</i> Extension</b>                     | <u>\$ -</u>       | <u>\$ 180,000</u> | <u>\$ 7,029</u>  | <u>\$ -</u>         | <u>\$ -</u> | <u>\$ 187,029</u> |
|                                  | <b>Total <i>TransNet</i> and <i>TransNet</i> Extension</b> | <u>\$ 413,884</u> | <u>\$ 800,003</u> | <u>\$ 27,106</u> | <u>\$ (586,601)</u> | <u>\$ -</u> | <u>\$ 654,392</u> |

**Notes:** (a) The City had an ending fund balance in excess of 30% since June 30, 2008 and was not able to drawdown sufficient funds to eliminate the deficit balance in COR 04. Although a Street and Road Rehabilitation Project (COR 07) of more than \$1 million is in design, construction is not anticipated until May/June of 2010. Therefore, the City will be returning to SANDAG the monies being held in excess of the 30% rule. Once that transaction has processed, the City will draw COR 04 funds needed to resolve the deficit balance.

**City of Coronado**

**Exhibit B**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| <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, 2009</u> |
|----------------------------------|-----------------------------------|-----------------------|------------------------|-----------------------------|-------------------------|-------------------------------------|
| <b>Local Street Improvements</b> |                                   |                       |                        |                             |                         |                                     |
| <i>Congestion Relief</i>         |                                   |                       |                        |                             |                         |                                     |
| COR 07                           | Street and Road Rehabilitation    | \$ 180,000            | \$ 7,029               | \$ -                        | \$ -                    | \$ 187,029                          |
|                                  | <b>Subtotal Congestion Relief</b> | <u>180,000</u>        | <u>7,029</u>           | <u>-</u>                    | <u>-</u>                | <u>187,029</u>                      |
|                                  | <b>Total TransNet Extension</b>   | <u>\$ 180,000</u>     | <u>\$ 7,029</u>        | <u>\$ -</u>                 | <u>\$ -</u>             | <u>\$ 187,029</u>                   |

City of Coronado

TransNet Fund

For the year ended June 30, 2009

RTCIP

| <u>Project Name</u>                     | <u>Project Status July 1, 2008</u> | <u>Funds Received</u> | <u>Interest Income</u> | <u>Project Expenditures</u> | <u>City Adjustments</u> | <u>Project Status June 30, 2009</u> |
|---|------------------------------------|-----------------------|------------------------|-----------------------------|-------------------------|-------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                               | \$ 6,000              | \$ 235                 | \$ -                        | \$ -                    | \$ 6,235                            |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                        | <b>\$ 6,000</b>       | <b>\$ 235</b>          | <b>\$ -</b>                 | <b>\$ -</b>             | <b>\$ 6,235</b>                     |

**City of Coronado**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

Exhibit D

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**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |    |         |
|--|----|---------|
| 2009 Apportionment                     | \$ | 486,846 |
| Less: debt service payment             |    | -       |
| Net Estimated Apportionment            |    | 486,846 |
| 30% base                               |    | 30%     |
| FY 2009 30% Threshold                  |    | 146,054 |
| Fund Balance per Schedule A            |    | 654,392 |
| Excess Fund Balance Over Apportionment | \$ | 508,338 |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's Response**

The City will stop drawing down on funds from SANDAG until the 30% rule is met. Many projects have been delayed due to workload.

# City of Del Mar

Del Mar, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of Del Mar**  
*TransNet Fund*

**Table of Contents**

---

|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report.....</b>                            | <b>1</b>    |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. Schedule of RTCIP funds.....  | 10          |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Del Mar, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                    |
|--|--------------------|
| 2009 Apportionment                             | \$ 176,607         |
| Less: debt service payment                     | -                  |
| Net Estimated Apportionment                    | <u>176,607</u>     |
| 30% base                                       | 30%                |
| FY 2009 30% Threshold                          | <u>52,982</u>      |
| Fund Balance per Schedule A                    | <u>722</u>         |
| Excess Fund Balance Over (Under) Apportionment | <u>\$ (52,260)</u> |

**Findings:** No findings were noted.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- a. Obtained the current MOE requirements for the City from SANDAG.
  - b. Obtained Schedule 3 of the Annual Street Report from the City.
  - c. Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - d. Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|  | Streets and<br>Roads | Specialized<br>Transportation<br>Services | Total             |
|--|----------------------|---|-------------------|
| Current year local discretionary expenditures                          | \$ 744,781 *         | \$ 21,500                                 | \$ 766,281        |
| Less: Maintenance of effort base                                       | (465,108)            | (21,431)                                  | (486,539)         |
| Current year local discretionary expenditures<br>over (under) MOE base | <u>\$ 279,673</u>    | <u>\$ 69</u>                              | <u>\$ 279,742</u> |

\* Local discretionary expenditures for the Streets and Roads MOE category are comprised of:

|  |                   |
|--|-------------------|
| Reported in State Controllers Office Street Report   | \$ 449,930        |
| Reported in Gas Tax Fund (additional local<br>discretionary expenditures that were not<br>reported in the State Controllers Street Report) | <u>294,851</u>    |
| Total Local discretionary expenditures   | <u>\$ 744,781</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |
|---|---------------|---------------|-------------|
|   | 2009          | 2006          | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 10,186,128 | \$ 10,388,492 | 0.98 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       | Streets and<br>Roads | Specialized<br>Transportation<br>Services | Total      |
|---------------------------------------|----------------------|---|------------|
| Previously approved MOE base          | \$ 465,108           | \$ 21,431                                 | \$ 486,539 |
| Growth rate                           | 0.90                 | 0.90                                      | 0.90       |
| Adjusted MOE base as of June 30, 2009 | \$ 418,597           | \$ 19,288                                 | \$ 437,885 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.  
a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

- i. Reviewed that the City is using the most current approved fee amount.
- ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."
- iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.
- iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness
- v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings and recommendations were noted in the prior year audit. Therefore, procedure O did not apply.

- P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** No findings were noted.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carlson*

San Diego, California  
January 11, 2010

City of Del Mar

Exhibit A

TransNet and TransNet Extension Activities

Schedule A - Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                                       | Project Name                            | Project Status July 1, 2008 | Funds Received    | Interest Income | Project Expenditures | City Adjustments | Project Status June 30, 2009 |
|--|---|-----------------------------|-------------------|-----------------|----------------------|------------------|------------------------------|
| <i>TransNet</i>                              |   |                             |                   |                 |                      |                  |                              |
| <b>Streets and Roads</b>                     |   |                             |                   |                 |                      |                  |                              |
| DM01   | Resurfacing and Drainage Projects       | \$ 173                      | \$ -              | \$ 153          | \$ -                 | \$ (326)         | \$ - (a)                     |
| <b>Total Streets and Roads</b>               |   | <u>\$ 173</u>               | <u>\$ -</u>       | <u>\$ 153</u>   | <u>\$ -</u>          | <u>\$ (326)</u>  | <u>\$ -</u>                  |
| <b>Total TransNet</b>                        |   | <u>\$ 173</u>               | <u>\$ -</u>       | <u>\$ 153</u>   | <u>\$ -</u>          | <u>\$ (326)</u>  | <u>\$ -</u>                  |
| <i>TransNet Extension</i>                    |   |                             |                   |                 |                      |                  |                              |
| <b>Local Street Improvements</b>             |   |                             |                   |                 |                      |                  |                              |
| <i>Congestion Relief</i>                     |   |                             |                   |                 |                      |                  |                              |
| DM02   | Local Match to Bridge Retrofit Projects | \$ -                        | \$ 181,060        | \$ 396          | \$ (181,060)         | \$ 326           | \$ 722 (a)                   |
| <b>Subtotal Congestion Relief</b>            |   |                             |                   |                 |                      |                  |                              |
| <b>Total TransNet Extension</b>              |   | <u>\$ -</u>                 | <u>\$ 181,060</u> | <u>\$ 396</u>   | <u>\$ (181,060)</u>  | <u>\$ 326</u>    | <u>\$ 722</u>                |
| <b>Total TransNet and TransNet Extension</b> |   | <u>\$ 173</u>               | <u>\$ 181,060</u> | <u>\$ 549</u>   | <u>\$ (181,060)</u>  | <u>\$ -</u>      | <u>\$ 722</u>                |

Notes:

(a) DM01 is a completed project; therefore, the remaining fund balance was transferred to FY 08-09 project DM02.

*TransNet* Extension Activities

Schedule B - Cumulative Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                           | Project Name                            | Funds Received    | Interest Income | Project Expenditures | City Adjustments | Project Status June 30, 2009 |
|----------------------------------|---|-------------------|-----------------|----------------------|------------------|------------------------------|
| <b>Local Street Improvements</b> |   |                   |                 |                      |                  |                              |
| <i>Congestion Relief</i>         |   |                   |                 |                      |                  |                              |
| DM02                             | Local Match to Bridge Retrofit Projects | \$ 181,060        | \$ 396          | \$ (181,060)         | \$ 326           | \$ 722                       |
|                                  | <b>Subtotal Congestion Relief</b>       | <u>181,060</u>    | <u>396</u>      | <u>(181,060)</u>     | <u>326</u>       | <u>722</u>                   |
|                                  | <b>Total <i>TransNet</i> Extension</b>  | <u>\$ 181,060</u> | <u>\$ 396</u>   | <u>\$ (181,060)</u>  | <u>\$ 326</u>    | <u>\$ 722</u>                |

**City of Del Mar**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

**Exhibit C**

| <u>MPO</u><br><u>ID</u> | <u>Project Name</u>                     | <u>Project</u><br><u>Status</u><br><u>July 1, 2008</u> | <u>RTCIP</u><br><u>Fees</u> | <u>Interest</u><br><u>Income</u> | <u>Project</u><br><u>Expenditures</u> | <u>City</u><br><u>Adjustments</u> | <u>Project</u><br><u>Status</u><br><u>June 30, 2009</u> |
|-------------------------|---|--|-----------------------------|----------------------------------|---------------------------------------|-----------------------------------|---|
| <b><u>RTCIP</u></b>     |   |  |                             |                                  |                                       |                                   |   |
|                         | For the fiscal year ended June 30, 2009 | \$ -   | \$ 14,000                   | \$ 148                           | \$ -                                  | \$ -                              | \$ 14,148   |
|                         | <b>Total</b>                            | <b>\$ -</b>  | <b>\$ 14,000</b>            | <b>\$ 148</b>                    | <b>\$ -</b>                           | <b>\$ -</b>                       | <b>\$ 14,148</b>  |

# City of El Cajon

El Cajon, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of El Cajon**  
**TransNet Fund**

**Table of Contents**

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|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | 1           |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. Schedule of RTCIP funds.....  | 10          |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of El Cajon, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                    |
|--|--------------------|
| 2009 Apportionment                             | \$ 1,933,370       |
| Less: debt service payment                     | -                  |
| Net Estimated Apportionment                    | <u>1,933,370</u>   |
| 30% base                                       | 30%                |
| FY 2009 30% Threshold                          | <u>580,011</u>     |
| Fund Balance per Schedule A                    | <u>559,482</u>     |
| Excess Fund Balance Over (Under) Apportionment | <u>\$ (20,529)</u> |

**Findings:** No findings were noted.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, Procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                    |
|---|--------------------|
| Current year local discretionary expenditures on streets and roads    | \$ 1,963,374       |
| Less: Maintenance of effort base                                      | <u>(1,772,596)</u> |
| Excess of current year local discretionary expenditures over MOE base | <u>\$ 190,778</u>  |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |       |
|--|--------|--------|-------------|-------|
|  | 2009   | 2006   | Growth Rate |       |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90        | Times |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |       |
|---|---------------|---------------|-------------|-------|
|   | 2009          | 2006          | Growth Rate |       |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 51,535,630 | \$ 50,057,863 | 1.03        | Times |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |       |
|-------------|-------|
| Lowest      |       |
| Growth Rate |       |
| 0.90        | Times |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |              |
|---------------------------------------|--------------|
| Previously approved MOE base          | \$ 1,772,596 |
| Growth rate                           | 0.90         |
| Adjusted MOE base as of June 30, 2009 | \$ 1,595,336 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.  
a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

- i. Reviewed that the City is using the most current approved fee amount.
- ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."
- iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.
- iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness
- v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule. The finding on the 30% rule and the specific recommendation were adequately addressed by the City.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** No findings were noted.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carlson*

San Diego, California  
January 11, 2010

# City of El Cajon

Exhibit A

## TransNet and TransNet Extension Activities Schedule A - Schedule of Status of Funds by Project For the year ended June 30, 2009

| MPO ID                           | Project Name   | Project             |             |               |                  | Project               |             | Project           |
|----------------------------------|--|---------------------|-------------|---------------|------------------|-----------------------|-------------|-------------------|
|                                  |  | Status              | Funds       | Other         | Interest         | Project               | City        | Status            |
|                                  |  | July 1, 2008        | Received    | Income        | Income           | Expenditures          | Adjustments | June 30, 2009     |
| <b>TransNet</b>                  |  |                     |             |               |                  |                       |             |                   |
| <b>Streets and Roads</b>         |  |                     |             |               |                  |                       |             |                   |
| EL 03                            | Various Overlay Projects                                   | \$ 876,735          | \$ -        | \$ -          | \$ 9,936         | \$ (497,363)          | \$ -        | \$ 389,308        |
| EL 06                            | Signals  | 509,281             | -           | -             | 5,771            | (436,023)             | -           | 79,029            |
| EL 11                            | Sidewalk Repairs   | 192,422             | -           | -             | 2,181            | (96,439)              | -           | 98,164            |
| EL 17                            | Pavement Management System                                 | 299,042             | -           | -             | 3,389            | (72,975)              | -           | 229,456           |
| EL 18                            | Street Lights  | 94,725              | -           | -             | 1,073            | -                     | -           | 95,798            |
|                                  | <b>Total Streets and Roads</b>                             | <b>1,972,205</b>    | <b>-</b>    | <b>-</b>      | <b>22,350</b>    | <b>(1,102,800)</b>    | <b>-</b>    | <b>891,755</b>    |
|                                  | <b>Total TransNet</b>                                      | <b>\$ 1,972,205</b> | <b>\$ -</b> | <b>\$ -</b>   | <b>\$ 22,350</b> | <b>\$ (1,102,800)</b> | <b>\$ -</b> | <b>\$ 891,755</b> |
| <b>Non-TransNet</b>              |  |                     |             |               |                  |                       |             |                   |
| EL 11                            | Sidewalk Repairs   | -                   | -           | 925           | -                | -                     | -           | 925               |
|                                  | <b>Total Non-TransNet</b>                                  | <b>\$ -</b>         | <b>\$ -</b> | <b>\$ 925</b> | <b>\$ -</b>      | <b>\$ -</b>           | <b>\$ -</b> | <b>\$ 925</b>     |
| <b>TransNet Extension</b>        |  |                     |             |               |                  |                       |             |                   |
| <b>Local Street Improvements</b> |  |                     |             |               |                  |                       |             |                   |
| <b>Maintenance</b>               |  |                     |             |               |                  |                       |             |                   |
| EL 20                            | Signals- Red LED   | \$ -                | \$ -        | \$ -          | \$ -             | \$ (96,659)           | \$ -        | \$ (96,659)       |
| EL 21                            | Street Resurfacing   | -                   | -           | -             | -                | (174,455)             | -           | (174,455)         |
|                                  | <b>Subtotal Maintenance</b>                                | <b>-</b>            | <b>-</b>    | <b>-</b>      | <b>-</b>         | <b>(271,114)</b>      | <b>-</b>    | <b>(271,114)</b>  |
| <b>Congestion Relief</b>         |  |                     |             |               |                  |                       |             |                   |
| EL 19                            | ADA Ped Ramps  | -                   | -           | -             | -                | (61,159)              | -           | (61,159)          |
|                                  | <b>Subtotal Congestion Relief</b>                          | <b>-</b>            | <b>-</b>    | <b>-</b>      | <b>-</b>         | <b>(61,159)</b>       | <b>-</b>    | <b>(61,159)</b>   |
|                                  | <b>Total TransNet Extension</b>                            | <b>-</b>            | <b>-</b>    | <b>-</b>      | <b>-</b>         | <b>(332,273)</b>      | <b>-</b>    | <b>(332,273)</b>  |
|                                  | <b>Total TransNet and TransNet Extension</b>               | <b>\$ 1,972,205</b> | <b>\$ -</b> | <b>\$ -</b>   | <b>\$ 22,350</b> | <b>\$ (1,435,073)</b> | <b>\$ -</b> | <b>\$ 559,482</b> |
|                                  | <b>Total TransNet, TransNet Extension and Non-TransNet</b> | <b>\$ 1,972,205</b> | <b>\$ -</b> | <b>\$ 925</b> | <b>\$ 22,350</b> | <b>\$ (1,435,073)</b> | <b>\$ -</b> | <b>\$ 560,407</b> |

**Notes:**

(a) Other income for EL 11 is reimbursement for damage to City sidewalks.

(b) During FY 2009, the City was in noncompliance with the 30% Rule and therefore was unable to request funding to cover expenditures. At June 30, 2009, the City is in compliance with this Rule and will request funding in FY 2010.

**City of El Cajon**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| <u>MFO 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, 2009</u> |
|----------------------------------|-----------------------------------|-----------------------|------------------------|-----------------------------|-------------------------|-------------------------------------|
| <b>Local Street Improvements</b> |                                   |                       |                        |                             |                         |                                     |
| <i>Maintenance</i>               |                                   |                       |                        |                             |                         |                                     |
| EL 20                            | Signals- Red LED                  | \$ -                  | \$ -                   | \$ (96,659)                 | \$ -                    | \$ (96,659) (a)                     |
| EL 21                            | Street Resurfacing                | -                     | -                      | (174,455)                   | -                       | (174,455) (a)                       |
|                                  | <b>Subtotal Maintenance</b>       | -                     | -                      | (271,114)                   | -                       | (271,114)                           |
| <i>Congestion Relief</i>         |                                   |                       |                        |                             |                         |                                     |
| EL 19                            | ADA Ped Ramps                     | -                     | -                      | (61,159)                    | -                       | (61,159) (a)                        |
|                                  | <b>Subtotal Congestion Relief</b> | -                     | -                      | (61,159)                    | -                       | (61,159)                            |
|                                  | <b>Total TransNet Extension</b>   | \$ -                  | \$ -                   | \$ (332,273)                | \$ -                    | \$ (332,273)                        |

**Notes:**

(a) During FY 2009, the City was in noncompliance with the 30% Rule and therefore was unable to request funding to cover expenditures. At June 30, 2009, the City is in compliance with this Rule and will request funding in FY 2010.

**City of El Cajon**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

Exhibit C

RTCIP

| Project Name                            | Project<br>Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|---|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                              | \$ 2,000          | \$ 49              | \$ -                    | \$ -                | \$ 2,049                           |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                       | <b>\$ 2,000</b>   | <b>\$ 49</b>       | <b>\$ -</b>             | <b>\$ -</b>         | <b>\$ 2,049</b>                    |

# City of Encinitas

Encinitas, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of Encinitas**  
*TransNet Fund*

**Table of Contents**

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|   | <u>Page</u> |
|---|-------------|
| <b>Independent Accountants' Report</b> .....                | 1           |
| <b>Exhibits:</b>  |             |
| A. Schedule A - Schedule of Status of Funds by Project..... | 8           |
| B. Schedule of Findings and Recommendations.....            | 9           |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Encinitas, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                   |
|--|-------------------|
| 2009 Apportionment                     | \$ 1,383,376      |
| Less: debt service payment             | -                 |
| Net Estimated Apportionment            | <u>1,383,376</u>  |
| 30% base                               | 30%               |
| FY 2009 30% Threshold                  | <u>415,013</u>    |
| Fund Balance per Schedule A            | <u>641,681</u>    |
| Excess Fund Balance Over Apportionment | <u>\$ 226,668</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$226,668.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|  | Street and<br>Road | Specialized<br>Transportation<br>Services | Total               |
|--|--------------------|---|---------------------|
| Current year local discretionary expenditures                          | \$ 3,091,618       | \$ 14,769                                 | \$ 3,106,387        |
| Less: Maintenance of effort base                                       | <u>(2,103,079)</u> | <u>(58)</u>                               | <u>(2,103,137)</u>  |
| Current year local discretionary expenditures<br>over (under) MOE base | <u>\$ 988,539</u>  | <u>\$ 14,711</u>                          | <u>\$ 1,003,250</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with the Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  | 2009          | 2006          | Growth Rate |       |
|--|---------------|---------------|-------------|-------|
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | <u>253.30</u> | <u>280.60</u> | <u>0.90</u> | Times |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   | 2009                 | 2006                 | Growth Rate |       |
|---|----------------------|----------------------|-------------|-------|
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | <u>\$ 55,773,570</u> | <u>\$ 50,020,294</u> | <u>1.12</u> | Times |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

| Lowest<br>Growth Rate |       |
|-----------------------|-------|
| <u>0.90</u>           | Times |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       | Street and<br>Road  | Specialized<br>Transportation<br>Services | Total               |
|---------------------------------------|---------------------|---|---------------------|
| Previously approved MOE base          | \$ 2,103,079        | \$ 58                                     | \$ 2,103,137        |
| Growth rate                           | <u>0.90</u>         | <u>0.90</u>                               | <u>0.90</u>         |
| Adjusted MOE base as of June 30, 2009 | <u>\$ 1,892,771</u> | <u>\$ 52</u>                              | <u>\$ 1,892,823</u> |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.  
a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** There were no activities and no transactions for RTCIP funding program as of June 30, 2009. Therefore, procedure L, did not apply.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.  
i. Reviewed that the City is using the most current approved fee amount.  
ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."  
iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed any expenditures were for projects in the approved regional arterial system project list.  
iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness.  
v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** There were no activities and no transactions for RTCIP funding program as of June 30, 2009. Therefore, procedure L, did not apply.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings and recommendations were noted in the prior year audit. Therefore, procedure O did not apply.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit B for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carlson*

San Diego, California  
January 11, 2010

**TransNet and TransNet Extension Activities  
Schedule of Status of Funds by Project  
For the year ended June 30, 2009**

| MPO ID                           | Project Number | Project Name                        | Project Status July 1, 2008 | Funds Received    | Interest Income  | Project Expenditures | City Adjustments | Project Status June 30, 2009 |
|----------------------------------|----------------|-------------------------------------|-----------------------------|-------------------|------------------|----------------------|------------------|------------------------------|
| <b>TransNet</b>                  |                |                                     |                             |                   |                  |                      |                  |                              |
| <b>Streets and Roads</b>         |                |                                     |                             |                   |                  |                      |                  |                              |
| ENC 14A                          | CMS08B         | Encinitas Blvd Pavement Overlay     | \$ -                        | \$ -              | \$ -             | \$ (47,663)          | \$ -             | \$ (47,663)                  |
| ENC 14A                          | CMS09A         | FY 08/09 Annual Street Overlay      | 450,000                     | -                 | 8,893            | -                    | -                | 458,893                      |
| <b>Subtotal ENC 14A Projects</b> |                |                                     | <b>450,000</b>              | <b>-</b>          | <b>8,893</b>     | <b>(47,663)</b>      | <b>-</b>         | <b>411,230</b>               |
| ENC 17                           | CMS01E         | Safe Route to Schools - Phase 2     | 400,000                     | -                 | 7,905            | (61,865)             | -                | 346,040                      |
| ENC 17                           | CMS08G         | Paul Ecke Central Elementary School | -                           | -                 | -                | (8,477)              | -                | (8,477)                      |
| <b>Subtotal ENC 17 Projects</b>  |                |                                     | <b>400,000</b>              | <b>-</b>          | <b>7,905</b>     | <b>(70,342)</b>      | <b>-</b>         | <b>337,563</b>               |
| ENC 19                           | CMS02F         | Traffic Safety and Calming          | -                           | -                 | -                | (8,566)              | -                | (8,566)                      |
| ENC 19                           | CMS07C         | ENTMP-1 Rubenstein/Summit/West.     | -                           | -                 | -                | (78,174)             | -                | (78,174)                     |
| <b>Subtotal ENC 19 Projects</b>  |                |                                     | <b>-</b>                    | <b>-</b>          | <b>-</b>         | <b>(86,740)</b>      | <b>-</b>         | <b>(86,740) (a)</b>          |
| ENC 20                           | CMS04D         | No. Coast Hwy 101 Streetscape       | -                           | 200,000           | -                | (122,478)            | -                | 77,522                       |
| ENC 22/40                        | CMS00D         | Leucadia Blvd Improvements W/1-5    | -                           | -                 | -                | (177,102)            | -                | (177,102) (b)                |
| ENC 28                           | CMS02G         | Traffic Signal Modification         | 50,001                      | -                 | 988              | (81,076)             | 27,655           | (2,432) (a), (c)             |
| ENC 39                           | CMS06B         | Traffic Signals @ Enc/Cerro, Elcam  | -                           | -                 | -                | (1,800)              | 1,800            | - (c)                        |
|                                  | CMS01J         | Coastal Rail Trails                 | 73,502                      | -                 | 1,453            | -                    | (74,955)         | - (d)                        |
| ENC 42                           | CMS09B         | Pavement Management Plan            | -                           | 100,000           | -                | (18,360)             | -                | 81,640                       |
| ENC 44                           | CMS09E         | Encinitas/NCTD Transit Parking Lot  | -                           | -                 | -                | (45,500)             | 45,500           | - (c)                        |
| <b>Total Streets and Roads</b>   |                |                                     | <b>\$ 973,503</b>           | <b>\$ 300,000</b> | <b>\$ 19,239</b> | <b>\$ (651,061)</b>  | <b>\$ -</b>      | <b>\$ 641,681</b>            |
| <b>Total TransNet</b>            |                |                                     | <b>\$ 973,503</b>           | <b>\$ 300,000</b> | <b>\$ 19,239</b> | <b>\$ (651,061)</b>  | <b>\$ -</b>      | <b>\$ 641,681</b>            |

Notes:

- (a) Once the City is in compliance with the 30% Rule, the City will be requesting additional funds in fiscal year 2010.
- (b) Once the City is in compliance with the 30% Rule, the City will request funds from SANDAG for the final expenditures on the project in fiscal year 2010. The expenditures are within the council approved budget and previous RTIP.
- (c) The City transferred cash from CMS01J. The transfer of funds were approved by Resolution #2007-14.
- (d) The Coastal Trails project has been delayed indefinitely therefore the City transferred the remaining funds to ENC 28, ENC39 and ENC44 via approved Resolution #2007-14.

**City of Encinitas**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

**Exhibit B**

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**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |    |           |
|--|----|-----------|
| 2009 Apportionment                     | \$ | 1,383,376 |
| Less: debt service payment             |    | -         |
| Net Estimated Apportionment            |    | 1,383,376 |
| 30% base                               |    | 30%       |
| FY 2009 30% Threshold                  |    | 415,013   |
| Fund Balance per Schedule A            |    | 641,681   |
| Excess Fund Balance Over Apportionment | \$ | 226,668   |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's Response**

The City of Encinitas made a good faith effort to meet SANDAG Board Policy No. 031, Rule #17, Section V. On February 13, 2008, the City Council adopted a plan to spend down the City's cash balance of *TransNet* funds. Since that time, the City has constructed several high priority projects that have reduced the City's cash balance from \$8.7 million to \$641,683. The City would have met the 30% threshold requirement last fiscal year (FY2008/09) had all projects been completed as planned. However a portion of the FY2008/09 annual street overlay project was deferred several months to be completed in conjunction with the FY2009/10 annual overlay project. The City anticipates being in compliance with this requirement by the next audit (for the year ending June 30, 2010).

# City of Escondido

Escondido, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of Escondido**  
**TransNet Fund**

**Table of Contents**

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**Page**

**Independent Accountants' Report..... 1**

**Exhibits:**

A. Schedule A - Schedule of Status of Funds by Project..... 8

B. Schedule B - Cumulative Schedule of Status of Funds by Project..... 9

C. Schedule of RTCIP funds..... 10

D. Schedule of Findings and Recommendations..... 11



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Escondido, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                     |
|--|---------------------|
| 2009 Apportionment                       | \$ 2,822,275        |
| Less: debt service payment               | -                   |
| Net Estimated Apportionment              | <u>2,822,275</u>    |
| 30% base                                 | 30%                 |
| FY 2009 30% Threshold                    | <u>846,683</u>      |
| Streets and Roads Balance per Schedule A | <u>5,481,296</u>    |
| Excess Fund Balance Over Apportionment   | <u>\$ 4,634,613</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$4,634,613.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                     |
|---|---------------------|
| Current year local discretionary expenditures on streets and roads    | \$ 5,564,858        |
| Less: Maintenance of effort base                                      | <u>(3,200,668)</u>  |
| Excess of current year local discretionary expenditures over MOE base | <u>\$ 2,364,190</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |       |
|--|--------|--------|-------------|-------|
|  | 2009   | 2006   | Growth Rate |       |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90        | Times |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |       |
|---|---------------|---------------|-------------|-------|
|   | 2009          | 2006          | Growth Rate |       |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 75,410,437 | \$ 80,818,180 | 0.93        | Times |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |       |
|-------------|-------|
| Lowest      |       |
| Growth Rate |       |
| 0.93        | Times |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |              |
|---------------------------------------|--------------|
| Previously approved MOE base          | \$ 3,200,668 |
| Growth rate                           | 0.93         |
| Adjusted MOE base as of June 30, 2009 | \$ 2,976,621 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.  
a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

- i. Reviewed that the City is using the most current approved fee amount.
- ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."
- iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.
- iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness
- v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule and in 2009 the same finding existed. The City did not draw down additional allocations from SANDAG for the streets and roads projects during the fiscal year ended June 30, 2009; however, there were not enough expenses to reduce the excess fund balance.

- P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 21, 2010

# City of Escondido

Exhibit A

## TransNet and TransNet Extension Activities

### Schedule A - Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                                       | Project Number | Project Name                              | Project Status July 1, 2008 | Funds Received    | Interest Income   | Project Expenditures  | City Adjustments | Project Status June 30, 2009 |          |
|--|----------------|---|-----------------------------|-------------------|-------------------|-----------------------|------------------|------------------------------|----------|
| <b>TransNet</b>                              |                |   |                             |                   |                   |                       |                  |                              |          |
| <b>Highway</b>                               |                |   |                             |                   |                   |                       |                  |                              |          |
| ESC25  | 690039         | Citracado & Nordahl at Mission            | \$ 11,596                   | \$ -              | \$ 327            | \$ (11,923)           | \$ -             | \$ -                         | (a)      |
| <b>Total Highway</b>                         |                |   | <u>11,596</u>               | <u>-</u>          | <u>327</u>        | <u>(11,923)</u>       | <u>-</u>         | <u>-</u>                     |          |
| <b>Streets and Roads</b>                     |                |   |                             |                   |                   |                       |                  |                              |          |
| ESC02A                                       | 690219         | Bear Valley/East Valley/Valley Center     | (1,443,186)                 | -                 | -                 | (40,600)              | -                | (1,483,786)                  | (e)      |
| ESC03  | 690239         | Citracado Pkwy/Don Lee to Quail Hill      | 3,002,549                   | -                 | 84,744            | (1,967,648)           | -                | 1,119,645                    |          |
| ESC05  | 690319         | El Norte Pkwy/La Honda to Washington Ave. | 107,962                     | -                 | 3,047             | (61,018)              | -                | 49,991                       |          |
| ESC05  | 696701         | El Norte Pkwy/Costs of Sale of Property   | (1,107)                     | -                 | -                 | -                     | -                | (1,107)                      | (e)      |
| ESC05  | 690129         | El Norte Pkwy/Conway to Midway            | 15,674                      | -                 | 442               | -                     | -                | 16,116                       |          |
| <b>Subtotal ESC05 Projects</b>               |                |   | <u>122,529</u>              | <u>-</u>          | <u>3,489</u>      | <u>(61,018)</u>       | <u>-</u>         | <u>65,000</u>                |          |
| ESC06  | 691706         | El Norte Pkwy Bridge at Escondido Creek   | 2,009,932                   | -                 | 56,728            | (228,799)             | -                | 1,837,861                    |          |
| ESC08  | 690309         | Felecita & Juniper/Escondido to Chestnut  | 345,160                     | -                 | 9,742             | (15,702)              | -                | 339,200                      |          |
| ESC11  | 697402         | Street Maintenance                        | 392,414                     | -                 | 11,075            | (403,489)             | -                | -                            | (d)      |
| ESC13  | 690329         | SR 78 Bridge Widening at Nordahl          | 953,289                     | -                 | 26,906            | (83,490)              | -                | 896,705                      |          |
| ESC17  | 697401         | Neighborhood Projects                     | 35,606                      | -                 | 1,005             | (18,728)              | -                | 17,883                       |          |
| ESC23  | 691703         | Valley/Maple & 2nd/Maple Traffic          | 415,180                     | -                 | 11,718            | -                     | -                | 426,898                      |          |
| ESC24  | 690029         | Centre City/Highway 78 to Mission Ave.    | 1,433,414                   | -                 | 40,457            | (3,652)               | -                | 1,470,219                    |          |
| ESC25  | 690039         | Citracado & Nordahl at Mission            | 282,048                     | -                 | 7,960             | (4,622)               | -                | 285,386                      |          |
| ESC29  | 691704         | Citracado/Interstate 15 to West Valley    | 598,841                     | -                 | 16,902            | (497)                 | -                | 615,246                      |          |
| <b>Total Streets and Roads</b>               |                |   | <u>8,147,776</u>            | <u>-</u>          | <u>270,726</u>    | <u>(2,828,245)</u>    | <u>-</u>         | <u>5,590,257</u>             |          |
| <b>Bikes and Pedestrian</b>                  |                |   |                             |                   |                   |                       |                  |                              |          |
| ESC20  | 690339         | Ash Street Undercrossing Study            | (33,176)                    | -                 | -                 | (59,492)              | 30,000           | (62,668)                     | (b), (c) |
| ESC21  | 698501         | Master Plan-Bicycle Facilities            | (5,586)                     | 36,628            | -                 | (7,349)               | -                | 23,693                       |          |
| ESC31  | 699823         | Lake Hodges Bridge- JPA Pass Thru         | -                           | 178,721           | -                 | (178,721)             | -                | -                            |          |
| ESC26  |                | BVP Sidewalks/Boyle-Citrus                | 30,000                      | -                 | -                 | -                     | (30,000)         | -                            | (b)      |
| <b>Total Bikes and Pedestrian</b>            |                |   | <u>(8,762)</u>              | <u>215,349</u>    | <u>-</u>          | <u>(245,562)</u>      | <u>-</u>         | <u>(38,975)</u>              |          |
| GASB 31 Adjustments                          |                |   | <u>155,222</u>              | <u>-</u>          | <u>7,261</u>      | <u>-</u>              | <u>-</u>         | <u>162,483</u>               |          |
| <b>Total TransNet</b>                        |                |   | <u>\$ 8,305,832</u>         | <u>\$ 215,349</u> | <u>\$ 278,314</u> | <u>\$ (3,085,730)</u> | <u>\$ -</u>      | <u>\$ 5,713,765</u>          |          |
| <b>TransNet Extension</b>                    |                |   |                             |                   |                   |                       |                  |                              |          |
| <b>Local Street Improvements</b>             |                |   |                             |                   |                   |                       |                  |                              |          |
| <b>Maintenance</b>                           |                |   |                             |                   |                   |                       |                  |                              |          |
| ESC11  | 697903         | Street Maintenance                        | \$ -                        | \$ -              | \$ -              | \$ (92,179)           | \$ -             | \$ (92,179)                  | (e)      |
| ESC11  | 697903         | El Norte Parkway-Street Rehabilitation    | -                           | -                 | -                 | (16,782)              | -                | (16,782)                     | (e)      |
| <b>Subtotal Maintenance</b>                  |                |   | <u>-</u>                    | <u>-</u>          | <u>-</u>          | <u>(108,961)</u>      | <u>-</u>         | <u>(108,961)</u>             |          |
| <b>Total TransNet Extension</b>              |                |   | <u>-</u>                    | <u>-</u>          | <u>-</u>          | <u>(108,961)</u>      | <u>-</u>         | <u>(108,961)</u>             |          |
| <b>Total TransNet and TransNet Extension</b> |                |   | <u>\$ 8,305,832</u>         | <u>\$ 215,349</u> | <u>\$ 278,314</u> | <u>\$ (3,194,691)</u> | <u>\$ -</u>      | <u>\$ 5,604,804</u>          |          |

**Notes:**

(a) ESC25 project was completed at June 30, 2009.

(b) \$30,000 of TransNet Bicycle Grant funding received in 2007 was related to a June 2001 reimbursement letter from SANDAG. SANDAG's letter stated that the City would recoup a portion of \$65,000 of Transportation Development Act (TDA) funding from future funding cycles which has been previously borrowed from a Bear Valle project for an Auto Parkway project. ESC26 was a 100% TDA funded project that was closed in FY 2006. This current TransNet Bicycle Grant revenue was transferred to ESC20, as approved by Bike/Pedestrian working group.

(c) Funds will be requested from SANDAG in FY 10 for ESC20.

(d) Future funding for project will come from TransNet Extension.

(e) During FY 2009, the City was in noncompliance with the 30% Rule and therefore was unable to request funding to cover expenditures. Once the City is in compliance with this Rule, the City will request funding for project.

**City of Escondido**

**Exhibit B**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| MPO ID                           | Project Name                           | Funds Received | Interest Income | Project Expenditures | City Adjustments | Project Status June 30, 2009 |
|----------------------------------|--|----------------|-----------------|----------------------|------------------|------------------------------|
| <b>Local Street Improvements</b> |  |                |                 |                      |                  |                              |
| <i>Maintenance</i>               |  |                |                 |                      |                  |                              |
| ESC11                            | Street Maintenance                     | \$ -           | \$ -            | \$ (92,179)          | \$ -             | \$ (92,179)                  |
| ESC11                            | El Norte Parkway-Street Rehabilitation | -              | -               | (16,782)             | -                | (16,782)                     |
|                                  | <b>Subtotal Maintenance</b>            | -              | -               | (108,961)            | -                | (108,961)                    |
|                                  | <b>Total TransNet Extension</b>        | \$ -           | \$ -            | \$ (108,961)         | \$ -             | \$ (108,961)                 |

**City of Escondido**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

**Exhibit C**

RTCIP

| Project Name                            | Project<br>Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|---|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                              | \$ 18,000         | \$ 872             | \$ -                    | \$ -                | \$ 18,872                          |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                       | <b>\$ 18,000</b>  | <b>\$ 872</b>      | <b>\$ -</b>             | <b>\$ -</b>         | <b>\$ 18,872</b>                   |

**City of Escondido**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

Exhibit D

---

**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |    |           |
|--|----|-----------|
| 2009 Apportionment                       | \$ | 2,822,275 |
| Less: debt service payment               |    | -         |
| Net Estimated Apportionment              |    | 2,822,275 |
| 30% base                                 |    | 30%       |
| FY 2009 30% Threshold                    |    | 846,683   |
| Streets and Roads Balance per Schedule A |    | 5,481,296 |
| Excess Fund Balance Over Apportionment   | \$ | 4,634,613 |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's 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 SANDAG Board Policy No. 031, Rule #17, Section V in the future.

# City of Imperial Beach

Imperial Beach, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of Imperial Beach**

**TransNet Fund**

**Table of Contents**

---

|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | <b>1</b>    |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. Schedule of RTCIP funds.....  | 10          |
| D. Schedule of Findings and Recommendations.....                       | 11          |



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Imperial Beach, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                   |
|--|-------------------|
| 2009 Apportionment                     | \$ 592,642        |
| Less: debt service payment             | -                 |
| Net Estimated Apportionment            | <u>592,642</u>    |
| 30% base                               | 30%               |
| FY 2009 30% Threshold                  | <u>177,793</u>    |
| Fund Balance per Schedule A            | <u>457,426</u>    |
| Excess Fund Balance Over Apportionment | <u>\$ 279,633</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$279,633.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- a. Obtained the current MOE requirements for the City from SANDAG.
  - b. Obtained Schedule 3 of the Annual Street Report from the City.
  - c. Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - d. Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                  |
|---|------------------|
| Current year local discretionary expenditures on streets and roads              | \$ 312,751       |
| Less: Maintenance of effort base  | <u>(275,051)</u> |
| Excess (deficit) of current year local discretionary expenditures over MOE base | <u>\$ 37,700</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period.

|   |               |               |             |
|---|---------------|---------------|-------------|
|   | 2009          | 2006          | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 15,503,370 | \$ 14,339,724 | 1.08 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |            |
|---------------------------------------|------------|
| Previously approved MOE base          | \$ 275,051 |
| Growth rate                           | 0.90       |
| Adjusted MOE base as of June 30, 2009 | \$ 247,546 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

i. Reviewed that the City is using the most current approved fee amount.

ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."

iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.

iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness.

v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule and in 2009 the same finding existed. Therefore, the finding on the 30% rule and the specific recommendation were not adequately addressed by the City.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 11, 2010

# City of Imperial Beach

Exhibit A

## TransNet and TransNet Extension Activities

### Schedule A - Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO                              |  | Project           |                   |                  | Project             |                   | Project           |
|----------------------------------|--|-------------------|-------------------|------------------|---------------------|-------------------|-------------------|
| ID                               | Project Name                                 | Status            | Funds             | Interest         | Project             | City              | Status            |
|                                  |  | July 1, 2008      | Received          | Income           | Expenditures        | Adjustments       | June 30, 2009     |
| <b>TransNet</b>                  |  |                   |                   |                  |                     |                   |                   |
| <b>Streets and roads</b>         |  |                   |                   |                  |                     |                   |                   |
|                                  | Scenic Highway 75 beautification/restoration | \$ 162,839        | \$ -              | \$ -             | \$ -                | \$ (162,839)      | \$ - (b)          |
| IB01                             | SR 75 Landscape                              | 37,161            | -                 | -                | -                   | (37,161)          | - (b)             |
| IB02                             | Street Maintenance - Operations              | 2,317             | -                 | 61               | (2,378)             | -                 | -                 |
| IB03                             | Street Maintenance and Improvements          | 487,366           | -                 | 13,011           | (238,280)           | -                 | 262,097           |
| IB08                             | Street Maintenance and Improvements          |                   |                   |                  |                     |                   |                   |
|                                  | Minor Projects                               | 146,604           | -                 | 3,915            | (58,379)            | -                 | 92,140            |
|                                  | <b>Total Streets and Roads</b>               | <b>836,287</b>    | <b>-</b>          | <b>16,987</b>    | <b>(299,037)</b>    | <b>(200,000)</b>  | <b>354,237</b>    |
|                                  | <b>Total TransNet</b>                        | <b>836,287</b>    | <b>-</b>          | <b>16,987</b>    | <b>(299,037)</b>    | <b>(200,000)</b>  | <b>354,237</b>    |
| <b>TransNet Extension:</b>       |  |                   |                   |                  |                     |                   |                   |
| <b>Local Street Improvements</b> |  |                   |                   |                  |                     |                   |                   |
| <b>Congestion Relief</b>         |  |                   |                   |                  |                     |                   |                   |
| IB012                            | Major Street Improvements                    | -                 | 250,094           | 5,339            | (271,767)           | 200,000           | 183,666 (b)       |
|                                  | <b>Subtotal Congestion Relief</b>            | <b>-</b>          | <b>250,094</b>    | <b>5,339</b>     | <b>(271,767)</b>    | <b>200,000</b>    | <b>183,666</b>    |
| <b>Maintenance</b>               |  |                   |                   |                  |                     |                   |                   |
| IB02                             | Street Maintenance- Operations               | -                 | 107,145           | -                | (187,622)           | -                 | (80,477) (a)      |
|                                  | <b>Subtotal Maintenance</b>                  | <b>-</b>          | <b>107,145</b>    | <b>-</b>         | <b>(187,622)</b>    | <b>-</b>          | <b>(80,477)</b>   |
|                                  | <b>Total TransNet Extension</b>              | <b>\$ -</b>       | <b>\$ 357,239</b> | <b>\$ 5,339</b>  | <b>\$ (459,389)</b> | <b>\$ 200,000</b> | <b>\$ 103,189</b> |
|                                  | <b>Total TransNet and TransNet Extension</b> | <b>\$ 836,287</b> | <b>\$ 357,239</b> | <b>\$ 22,326</b> | <b>\$ (758,426)</b> | <b>\$ -</b>       | <b>\$ 457,426</b> |

**Notes:**

- (a) Negative balance on IB02, Street Maintenance-Operations: Budgeted allocation from SANDAG for this project is \$190,000. Due to current excess fund balances, the remaining balance of \$82,855 will be received by the City after excess fund balances have been utilized.
- (b) Per Resolution No. 2009-6716 that was approved by the City Council 2/18/09, the City had \$200,000 "cash on hand" left over from prior year. Carry-over funds were to be added to Project IB012 in FY 2009.

**City of Imperial Beach**

**Exhibit B**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| MPO<br>ID                        | Project Name                      | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|----------------------------------|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| <b>Local Street Improvements</b> |                                   |                   |                    |                         |                     |                                    |
| <i>Congestion Relief</i>         |                                   |                   |                    |                         |                     |                                    |
| IB012                            | Major Street Improvements         | \$ 250,094        | \$ 5,339           | \$ (271,767)            | \$ 200,000          | \$ 183,666                         |
|                                  | <b>Subtotal Congestion Relief</b> | <u>250,094</u>    | <u>5,339</u>       | <u>(271,767)</u>        | <u>200,000</u>      | <u>183,666</u>                     |
| <i>Maintenance</i>               |                                   |                   |                    |                         |                     |                                    |
| IB02                             | Street Maintenance- Operations    | 107,145           | -                  | (187,622)               | -                   | (80,477)                           |
|                                  | <b>Subtotal Maintenance</b>       | <u>107,145</u>    | <u>-</u>           | <u>(187,622)</u>        | <u>-</u>            | <u>(80,477)</u>                    |
|                                  | <b>Total TransNet Extension:</b>  | <u>\$ 357,239</u> | <u>\$ 5,339</u>    | <u>\$ (459,389)</u>     | <u>\$ 200,000</u>   | <u>\$ 103,189</u>                  |

**City of Imperial Beach**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

**Exhibit C**

RTCIP

| Project Name                            | Project<br>Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|---|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                              | \$ 4,000          | \$ 108             | \$ -                    | \$ -                | \$ 4,108                           |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                       | <b>\$ 4,000</b>   | <b>\$ 108</b>      | <b>\$ -</b>             | <b>\$ -</b>         | <b>\$ 4,108</b>                    |

**City of Imperial Beach**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

Exhibit D

---

**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |    |         |
|--|----|---------|
| 2009 Apportionment                     | \$ | 592,642 |
| Less: debt service payment             |    | -       |
| Net Estimated Apportionment            |    | 592,642 |
| 30% base                               |    | 30%     |
| FY 2009 30% Threshold                  |    | 177,793 |
| Fund Balance per Schedule A            |    | 457,426 |
| Excess Fund Balance Over Apportionment | \$ | 279,633 |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's Response**

The City currently exceeds the 30% threshold by \$279,633. The City's plan is use excess funds on street overlay on various city street projects.

# City of La Mesa

La Mesa, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**City of La Mesa**  
**TransNet Fund**

**Table of Contents**

---

|   | <u>Page</u> |
|---|-------------|
| <b>Independent Accountants' Report</b> .....                            | 1           |
| <b>Exhibits:</b>  |             |
| A. Schedule A - Schedule of Status of Funds by Project.....             | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project ..... | 11          |
| C. Schedule of RTCIP funds.....   | 12          |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of La Mesa, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                     |
|--|---------------------|
| 2009 Apportionment                             | \$ 1,256,782        |
| Less: debt service payment                     | <u>-</u>            |
| Net Estimated Apportionment                    | 1,256,782           |
| 30% base                                       | <u>30%</u>          |
| FY 2009 30% Threshold                          | <u>377,035</u>      |
| Fund Balance per Schedule A                    | <u>(12,783)</u>     |
| Excess Fund Balance Over (Under) Apportionment | <u>\$ (389,818)</u> |

**Findings:** No findings were noted.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, Procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- a. Obtained the current MOE requirements for the City from SANDAG.
  - b. Obtained Schedule 3 of the Annual Street Report from the City.
  - c. Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - d. Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                     |
|---|---------------------|
| Current year local discretionary expenditures on streets and roads              | \$ 3,521,927        |
| Less: Maintenance of effort base  | <u>(1,931,914)</u>  |
| Excess (deficit) of current year local discretionary expenditures over MOE base | <u>\$ 1,590,013</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |       |
|--|--------|--------|-------------|-------|
|  | 2009   | 2006   | Growth Rate |       |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90        | Times |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |       |
|---|---------------|---------------|-------------|-------|
|   | 2009          | 2006          | Growth Rate |       |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 34,012,424 | \$ 29,909,303 | 1.14        | Times |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |       |
|-------------|-------|
| Lowest      |       |
| Growth Rate |       |
| 0.90        | Times |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |              |
|---------------------------------------|--------------|
| Previously approved MOE base          | \$ 1,931,914 |
| Growth rate                           | 0.90         |
| Adjusted MOE base as of June 30, 2009 | \$ 1,738,723 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

- i. Reviewed that the City is using the most current approved fee amount.
- ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."
- iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.
- iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness.
- v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings and recommendations were noted in the prior year audit. Therefore, procedure O did not apply.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** As a result of performing the above agreed-upon procedures, there were no findings noted. Therefore, procedure K did not apply.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 11, 2010

TransNet and TransNet Extension Activities

Schedule A - Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO<br>ID                         | CIP #    | Project Name                               | Project                | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project                 |
|-----------------------------------|----------|--|------------------------|-------------------|--------------------|-------------------------|---------------------|-------------------------|
|                                   |          |  | Status<br>July 1, 2008 |                   |                    |                         |                     | Status<br>June 30, 2009 |
| <i>TransNet:</i>                  |          |  |                        |                   |                    |                         |                     |                         |
| <b>Streets and Roads</b>          |          |  |                        |                   |                    |                         |                     |                         |
| LAM05                             | 302024TR | Traffic Signal Safety Upgrade              | 1,287                  | -                 | -                  | -                       | (1,287)             | - (a)                   |
| LAM05                             | 302043TR | Traffic Signal Improvement 04              | 2,016                  | -                 | -                  | 0                       | (2,016)             | - (a)                   |
| LAM05                             | 302052TR | Traffic Signal Improvement 05              | 97,912                 | -                 | 5,007              | (83,720)                | 3,303               | 22,502 (a)              |
| <b>Subtotal LAM 05</b>            |          |  | <b>101,215</b>         | <b>-</b>          | <b>5,007</b>       | <b>(83,720)</b>         | <b>-</b>            | <b>22,502</b>           |
| LAM09                             | 302041TR | Curb, Gutter, Sidewalk Replacement 04      | 3,613                  | -                 | 179                | -                       | -                   | 3,792                   |
| LAM10                             | 302046TR | Street Surfacing 04                        | 21,576                 | -                 | -                  | (5,228)                 | 31,679              | 48,027 (a)              |
| LAM10                             | 302054TR | Street Surfacing 05                        | 31,679                 | -                 | 2,635              | -                       | (31,679)            | 2,635 (a)               |
| <b>Subtotal LAM 10</b>            |          |  | <b>53,255</b>          | <b>-</b>          | <b>2,635</b>       | <b>(5,228)</b>          | <b>-</b>            | <b>50,662</b>           |
| LAM11                             | 302036TR | Jackson and La Mesa Blvd St. Light Utility | 18,825                 | -                 | -                  | -                       | -                   | 18,825                  |
| LAM11                             | 302057TR | Street Lights - Overhead Undergrounding    | 55,720                 | -                 | 3,688              | (6,988)                 | -                   | 52,420                  |
| <b>Subtotal LAM11</b>             |          |  | <b>74,545</b>          | <b>-</b>          | <b>3,688</b>       | <b>(6,988)</b>          | <b>-</b>            | <b>71,245</b>           |
| LAM12                             | 302035TR | Pavement Management System- Update         | 868                    | -                 | -                  | (540)                   | -                   | 328                     |
| LAM12                             | 302048TR | Pavement Management Program 04             | 12,014                 | -                 | -                  | -                       | (12,014)            | - (a)                   |
| LAM12                             | 302056TR | Pavement Management Program 05             | 25,272                 | -                 | 1,887              | (22,500)                | 12,014              | 16,673 (a)              |
| <b>Subtotal LAM12</b>             |          |  | <b>38,154</b>          | <b>-</b>          | <b>1,887</b>       | <b>(23,040)</b>         | <b>-</b>            | <b>17,001</b>           |
| LAM13                             | 302042TR | S/W Pedestrian Ramp Inventory              | 50,557                 | -                 | 2,542              | -                       | 836                 | 53,935 (a)              |
| LAM13                             | 304032TR | Street Repair and Sidewalk Improvements    | 836                    | -                 | -                  | -                       | (836)               | - (a)                   |
| <b>Subtotal LAM13</b>             |          |  | <b>51,393</b>          | <b>-</b>          | <b>2,542</b>       | <b>-</b>                | <b>-</b>            | <b>53,935</b>           |
| LAM14                             | 302045TR | Traffic Calming Program                    | 201                    | -                 | -                  | -                       | -                   | 201                     |
| LAM14                             | 302053TR | Traffic Calming Program 05                 | 600                    | -                 | 40                 | -                       | -                   | 640                     |
| <b>Subtotal LAM14</b>             |          |  | <b>801</b>             | <b>-</b>          | <b>40</b>          | <b>-</b>                | <b>-</b>            | <b>841</b>              |
| LAM17                             | 302061TR | Street Surfacing 06                        | 142,589                | -                 | 2,820              | (26,188)                | -                   | 119,221                 |
| LAM17                             | 302072TR | Street Surfacing 07                        | (76,846)               | 17,503            | -                  | (24,713)                | -                   | (84,056) (b)            |
| LAM17                             | 302081TR | Street Surfacing 08                        | (8,738)                | -                 | -                  | (3,571)                 | -                   | (12,309) (b)            |
| <b>Subtotal LAM17</b>             |          |  | <b>57,005</b>          | <b>17,503</b>     | <b>2,820</b>       | <b>(54,472)</b>         | <b>-</b>            | <b>22,856</b>           |
| <b>Subtotal Streets and Roads</b> |          |  | <b>379,981</b>         | <b>17,503</b>     | <b>18,798</b>      | <b>(173,448)</b>        | <b>-</b>            | <b>242,834</b>          |

(continued)

TransNet and TransNet Extension Activities

Schedule A - Schedule of Status of Funds by Project, Continued

For the year ended June 30, 2009

| MPO<br>ID | CIP #        | Project Name                              | Project                |                   |                    |                         | Project             |                         |
|-----------|--------------|---|------------------------|-------------------|--------------------|-------------------------|---------------------|-------------------------|
|           |              |   | Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Status<br>June 30, 2009 |
|           |              | <b>Balance carried forward</b>            | \$ 379,981             | \$ 17,503         | \$ 18,798          | \$ (173,448)            | \$ -                | \$ 242,834              |
| LAM18     | General Fund | Street Maintenance                        | (259,941)              | 164,168           | -                  | -                       | -                   | (95,773) (b)            |
| LAM19     | 302062TR     | Pavement Management Program 06            | 22,530                 | 2,470             | 1,115              | (25,000)                | -                   | 1,115                   |
| LAM19     | 302074TR     | Pavement Management Program 07            | -                      | 11,283            | -                  | (18,840)                | -                   | (7,557)                 |
|           |              | <b>Subtotal LAM19</b>                     | <u>22,530</u>          | <u>13,753</u>     | <u>1,115</u>       | <u>(43,840)</u>         | <u>-</u>            | <u>(6,442)</u> (b)      |
| LAM20     | 302063TR     | Curb, Gutter, S/W RPL 06                  | (19,017)               | 19,017            | -                  | -                       | -                   | -                       |
| LAM20     | 302074TR     | Curb, Gutter, S/W RPL 07                  | (60,584)               | 89,313            | -                  | (29,420)                | -                   | (691)                   |
| LAM20     | 302083TR     | Curb, Gutter, S/W RPL 08                  | -                      | -                 | -                  | (99,500)                | -                   | (99,500)                |
|           |              | <b>Subtotal LAM20</b>                     | <u>(79,601)</u>        | <u>108,330</u>    | <u>-</u>           | <u>(128,920)</u>        | <u>-</u>            | <u>(100,191)</u> (b)    |
| LAM21     | 302064TR     | Street Lights - Overhead Under. 06        | 45,061                 | 21,669            | 2,229              | -                       | -                   | 68,959                  |
| LAM22     | 302065TR     | Traffic Signal Improvements 06            | 180,234                | 3,332             | 8,916              | (55,990)                | -                   | 136,492                 |
| LAM22     | 302076TR     | Traffic Signal Improvements 07            | -                      | -                 | -                  | (159)                   | -                   | (159) (b)               |
|           |              | <b>Subtotal LAM22</b>                     | <u>180,234</u>         | <u>3,332</u>      | <u>8,916</u>       | <u>(56,149)</u>         | <u>-</u>            | <u>136,333</u>          |
| LAM23     | 30206ATR     | Install Pedestrian Ramps 06               | (4,954)                | 4,954             | -                  | -                       | -                   | -                       |
| LAM23     | 302071TR     | Install Pedestrian Ramps 07               | (48,321)               | 48,321            | -                  | -                       | -                   | -                       |
| LAM23     | 302080TR     | Install Pedestrian Ramps 08               | -                      | 5,057             | -                  | (50,000)                | -                   | (44,943) (b)            |
|           |              | <b>Subtotal LAM23</b>                     | <u>(53,275)</u>        | <u>58,332</u>     | <u>-</u>           | <u>(50,000)</u>         | <u>-</u>            | <u>(44,943)</u>         |
| LAM24     | 304050TR     | Storm Drain Assessment and Replacement 05 | -                      | 3,055             | -                  | (3,055)                 | -                   | -                       |
| LAM24     | 304061TR     | Storm Drain Assessment and Imp 06         | (13,224)               | 13,224            | -                  | -                       | -                   | -                       |
| LAM24     | 304080TR     | Storm Drain Assessment and Replacement 08 | (128,176)              | 77,053            | -                  | -                       | -                   | (51,123) (b)            |
|           |              | <b>Subtotal LAM24</b>                     | <u>(141,400)</u>       | <u>93,332</u>     | <u>-</u>           | <u>(3,055)</u>          | <u>-</u>            | <u>(51,123)</u>         |
| LAM25     | 302066TR     | Traffic Calming Program 06                | 31,419                 | 49,998            | 1,554              | (57,791)                | -                   | 25,180                  |
|           |              | <b>Total Streets and Roads</b>            | <u>\$ 125,008</u>      | <u>\$ 530,417</u> | <u>\$ 32,612</u>   | <u>\$ (513,203)</u>     | <u>\$ -</u>         | <u>\$ 174,834</u>       |
|           |              | <b>Total TransNet</b>                     | <u>\$ 125,008</u>      | <u>\$ 530,417</u> | <u>\$ 32,612</u>   | <u>\$ (513,203)</u>     | <u>\$ -</u>         | <u>\$ 174,834</u>       |

(continued)

TransNet and TransNet Extension Activities

Schedule A - Schedule of Status of Funds by Project, Continued

For the year ended June 30, 2009

|  |              |                                   | Project      |            |           | Project       |             |               |
|--|--------------|-----------------------------------|--------------|------------|-----------|---------------|-------------|---------------|
| MPO  |              |                                   | Status       | Funds      | Interest  | Project       | City        |               |
| ID   | CIP #        | Project Name                      | July 1, 2008 | Received   | Income    | Expenditures  | Adjustments |               |
|  |              |                                   |              |            |           | Project       |             |               |
|  |              |                                   |              |            |           | Status        |             |               |
|  |              |                                   |              |            |           | June 30, 2009 |             |               |
| <b>TransNet Extension:</b>                   |              |                                   |              |            |           |               |             |               |
| <b>Local Street Improvements</b>             |              |                                   |              |            |           |               |             |               |
| <b>Congestion Relief:</b>                    |              |                                   |              |            |           |               |             |               |
| LAM17  | 302091TR     | Commercial- Paper St. Resurfacing | -            | -          | -         | 398           | -           | 398           |
| LAM24  | 304090TR     | Roadway Drainage Improvements 09  | -            | 228,335    | -         | (176,507)     | -           | 51,828        |
| <b>Subtotal Congestion Relief</b>            |              |                                   | -            | 228,335    | -         | (176,109)     | -           | 52,226        |
| <b>Maintenance</b>                           |              |                                   |              |            |           |               |             |               |
| LAM18  | General Fund | Street Maintenance (LSI)          | -            | -          | -         | (170,000)     | -           | (170,000) (b) |
| LAM20  | 302093TR     | Curb, Gutter, S/W RPL 09          | -            | -          | -         | (51,757)      | -           | (51,757) (b)  |
| LAM23  | 302090TR     | Install Pedstrian ramps 09        | -            | 8,335      | -         | (26,421)      | -           | (18,086) (b)  |
| <b>Subtotal Maintenance</b>                  |              |                                   | -            | 8,335      | -         | (248,178)     | -           | (239,843)     |
| <b>Total TransNet Extension:</b>             |              |                                   | \$ -         | \$ 236,670 | \$ -      | \$ (424,287)  | \$ -        | \$ (187,617)  |
| <b>Total TransNet and TransNet Extension</b> |              |                                   | \$ 125,008   | \$ 767,087 | \$ 32,612 | \$ (937,490)  | \$ -        | \$ (12,783)   |

Notes: (a) Adjustments made between City projects to move funds from closed projects to open projects.

(b) Funding has already been requested or will be requested in fiscal year 2010.

TransNet Extension Activities

Schedule B - Cumulative Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                            | Project Name                      | Funds Received    | Interest Income | Project Expenditures | Adjustments | Project Status June 30, 2009 |
|-----------------------------------|-----------------------------------|-------------------|-----------------|----------------------|-------------|------------------------------|
| <b>Local Street Improvements</b>  |                                   |                   |                 |                      |             |                              |
| <i>Congestion Relief:</i>         |                                   |                   |                 |                      |             |                              |
| LAM17                             | Commercial- Paper St. Resurfacing | \$ -              | \$ -            | \$ 398               | \$ -        | \$ 398                       |
| LAM24                             | Roadway Drainage Improvements 09  | 228,335           | -               | (176,507)            | -           | 51,828                       |
| <b>Subtotal Congestion Relief</b> |                                   | 228,335           | -               | (176,109)            | -           | 52,226                       |
| <i>Maintenance</i>                |                                   |                   |                 |                      |             |                              |
| LAM18                             | Street Maintenance (LSI)          | -                 | -               | (170,000)            | -           | (170,000)                    |
| LAM20                             | Curb, Gutter, S/W RPL 09          | -                 | -               | (51,757)             | -           | (51,757)                     |
| LAM23                             | Install Pedestrian ramps 09       | 8,335             | -               | (26,421)             | -           | (18,086)                     |
| <b>Subtotal Maintenance</b>       |                                   | 8,335             | -               | (248,178)            | -           | (239,843)                    |
| <b>Total TransNet Extension:</b>  |                                   | <u>\$ 236,670</u> | <u>\$ -</u>     | <u>\$ (424,287)</u>  | <u>\$ -</u> | <u>\$ (187,617)</u>          |

# City of Lemon Grove

Lemon Grove, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**City of Lemon Grove**  
**TransNet Fund**

**Table of Contents**

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|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | 1           |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. RTCIP Schedule .....  | 10          |
| D. Schedule of Findings and Recommendations.....                       | 11          |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Lemon Grove, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance.
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                   |
|--|-------------------|
| 2009 Apportionment                     | \$ 583,565        |
| Less: debt service payment             | -                 |
| Net Estimated Apportionment            | <u>583,565</u>    |
| 30% base                               | 30%               |
| FY 2009 30% Threshold                  | <u>175,070</u>    |
| Fund Balance per Schedule A            | <u>909,656</u>    |
| Excess Fund Balance Over Apportionment | <u>\$ 734,587</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$734,587.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, Procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.
  -

|   |                   |
|---|-------------------|
| Current year local discretionary expenditures on streets and roads              | \$ 508,722        |
| Less: Maintenance of effort base  | <u>(186,082)</u>  |
| Excess (deficit) of current year local discretionary expenditures over MOE base | <u>\$ 322,640</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |
|---|---------------|---------------|-------------|
|   | 2009          | 2006          | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 10,458,850 | \$ 10,537,905 | 0.99 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |            |
|---------------------------------------|------------|
| Previously approved MOE base          | \$ 186,082 |
| Growth rate                           | 0.90       |
| Adjusted MOE base as of June 30, 2009 | \$ 167,474 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

i. Reviewed that the City is using the most current approved fee amount.

ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."

iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.

iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness

v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule and in 2009 the same finding existed. Therefore, the finding on the 30% rule and the specific recommendation were not adequately addressed by the City.

In 2008, the City understated interest income by \$5,270 due to incorrect calculation of GASB Statement No. 31 adjustments. The City properly addressed the findings and corrected in the current fiscal year.

- P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 11, 2010

City of Lemon Grove

Exhibit A

*TransNet* and *TransNet* Extension Activities  
 Schedule A - Schedule of Status of Funds by Project  
 For the year ended June 30, 2009

| MPO ID                           | Project Name   | Project Status July 1, 2008 | Funds Received    | Interest Income  | Project Expenditures | City Adjustments | Project Status June 30, 2009 |         |
|----------------------------------|--|-----------------------------|-------------------|------------------|----------------------|------------------|------------------------------|---------|
| <i>TransNet</i>                  |  |                             |                   |                  |                      |                  |                              |         |
| <b>Streets and Roads</b>         |  |                             |                   |                  |                      |                  |                              |         |
| LG 08                            | Street Improvements  | \$ 946,424                  | \$ -              | \$ -             | \$ -                 | \$ (946,424)     | \$ -                         | (a)     |
| LG 09                            | Traffic Signal Upgrades                                    | 140,897                     | -                 | -                | -                    | (140,897)        | -                            | (a)     |
| LG 12                            | Storm Drain Rehabilitation                                 | 316,403                     | -                 | -                | -                    | (316,403)        | -                            | (a)     |
| LG 13                            | Street Improvements - Congestion Relief                    | -                           | -                 | 28,862           | (779,531)            | 1,408,994        | 658,325                      | (a) (b) |
|                                  | <b>Total Streets and Roads</b>                             | <u>\$ 1,403,724</u>         | <u>-</u>          | <u>\$ 28,862</u> | <u>\$ (779,531)</u>  | <u>\$ 5,270</u>  | <u>\$ 658,325</u>            |         |
|                                  | <b>Total <i>TransNet</i></b>                               | <u>\$ 1,403,724</u>         | <u>-</u>          | <u>\$ 28,862</u> | <u>\$ (779,531)</u>  | <u>\$ 5,270</u>  | <u>\$ 658,325</u>            |         |
| <i>TransNet</i> Extension        |  |                             |                   |                  |                      |                  |                              |         |
| <b>Local Street Improvements</b> |  |                             |                   |                  |                      |                  |                              |         |
| <i>Congestion Relief:</i>        |  |                             |                   |                  |                      |                  |                              |         |
| LG 13                            | Street Improvements - Congestion Relief                    | -                           | 64,000            | 11,224           | -                    | -                | 75,224                       |         |
| LG 16                            | Storm Drain Rehabilitation - Congestion Relief             | -                           | 142,396           | 1,670            | (19,137)             | -                | 124,929                      |         |
| LG 18                            | Traffic Improvements - Congestion Relief                   | -                           | 43,616            | -                | (15,108)             | -                | 28,508                       |         |
|                                  | <b>Subtotal Congestion Relief</b>                          | <u>-</u>                    | <u>250,012</u>    | <u>12,894</u>    | <u>(34,245)</u>      | <u>-</u>         | <u>228,661</u>               |         |
| <i>Maintenance:</i>              |  |                             |                   |                  |                      |                  |                              |         |
| LG 14                            | Traffic Improvements - Preventive Maintenance              | -                           | 21,084            | -                | (23,414)             | -                | (2,330)                      | (c)     |
| LG 15                            | Storm Drain Rehabilitation - Preventive Maintenance        | -                           | 10,000            | -                | -                    | -                | 10,000                       |         |
| LG 17                            | Street Improvements - Preventive Maintenance               | -                           | 15,000            | -                | -                    | -                | 15,000                       |         |
|                                  | <b>Subtotal Maintenance</b>                                | <u>-</u>                    | <u>46,084</u>     | <u>-</u>         | <u>(23,414)</u>      | <u>-</u>         | <u>22,670</u>                |         |
|                                  | <b>Total <i>TransNet</i> Extension</b>                     | <u>-</u>                    | <u>296,096</u>    | <u>12,894</u>    | <u>(57,659)</u>      | <u>-</u>         | <u>251,331</u>               |         |
|                                  | <b>Total <i>TransNet</i> and <i>TransNet</i> Extension</b> | <u>\$ 1,403,724</u>         | <u>\$ 296,096</u> | <u>\$ 41,756</u> | <u>\$ (837,190)</u>  | <u>\$ 5,270</u>  | <u>\$ 909,656</u>            |         |

Notes:

- (a) The City transferred the remaining balance of LG 08, LG 09, and LG 12 due to reprogramming of the RTIP.
- (b) Included prior year audit adjustment on interest income in the amount of \$5,270 for LG 08, LG 09 and LG 12.
- (c) Due to the street and road balance exceeding the 30% threshold, the City was unable to reimburse the expenditures for these projects.

**City of Lemon Grove**

**Exhibit B**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| MPO ID                            | Project Name  | Funds Received    | Interest Income  | Project Expenditures | City Adjustments | Project Status June 30, 2009 |
|-----------------------------------|---|-------------------|------------------|----------------------|------------------|------------------------------|
| <b>Local Street Improvements</b>  |   |                   |                  |                      |                  |                              |
| <i>Congestion Relief:</i>         |   |                   |                  |                      |                  |                              |
| LG 13                             | Street Improvements - Congestion Relief             | \$ 64,000         | \$ 11,224        | \$ -                 | \$ -             | \$ 75,224                    |
| LG 16                             | Storm Drain Rehabilitation - Congestion Relief      | 142,396           | 1,670            | (19,137)             | -                | 124,929                      |
| LG 18                             | Traffic Improvements - Congestion Relief            | 43,616            | -                | (15,108)             | -                | 28,508                       |
| <b>Subtotal Congestion Relief</b> |   | <u>250,012</u>    | <u>12,894</u>    | <u>(34,245)</u>      | <u>-</u>         | <u>228,661</u>               |
| <i>Maintenance:</i>               |   |                   |                  |                      |                  |                              |
| LG 14                             | Traffic Improvements - Preventive Maintenance       | 21,084            | -                | (23,414)             | -                | (2,330)                      |
| LG 15                             | Storm Drain Rehabilitation - Preventive Maintenance | 10,000            | -                | -                    | -                | 10,000                       |
| LG 17                             | Street Improvements - Preventive Maintenance        | 15,000            | -                | -                    | -                | 15,000                       |
| <b>Subtotal Maintenance</b>       |   | <u>46,084</u>     | <u>-</u>         | <u>(23,414)</u>      | <u>-</u>         | <u>22,670</u>                |
| <b>Total TransNet Extension</b>   |   | <u>\$ 296,096</u> | <u>\$ 12,894</u> | <u>\$ (57,659)</u>   | <u>\$ -</u>      | <u>\$ 251,331</u>            |

**City of Lemon Grove**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

Exhibit C

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RTCIP

| Project Name                            | Project<br>Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|---|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                              | \$ 8,000          | \$ 93              | \$ -                    | \$ -                | \$ 8,093                           |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                       | <b>\$ 8,000</b>   | <b>\$ 93</b>       | <b>\$ -</b>             | <b>\$ -</b>         | <b>\$ 8,093</b>                    |

**City of Lemon Grove**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |    |                       |
|--|----|-----------------------|
| 2009 Apportionment                     | \$ | 583,565               |
| Less: debt service payment             |    | -                     |
| Net Estimated Apportionment            |    | <u>583,565</u>        |
| 30% base                               |    | 30%                   |
| FY 2009 30% Threshold                  |    | <u>175,070</u>        |
| Fund Balance per Schedule A            |    | <u>909,656</u>        |
| Excess Fund Balance Over Apportionment | \$ | <u><u>734,587</u></u> |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's Response**

The City will use the remaining balance before requesting future funding from SANDAG.

# City of National City

National City, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of National City**  
*TransNet Fund*

**Table of Contents**

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|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report.....</b>                            | <b>1</b>    |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. Schedule of RTCIP funds.....  | 10          |
| D. Schedule of Findings and Recommendations .....                      | 11          |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of National City, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.
- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
- i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
- ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
- i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
- ii. Reviewed interest was applied to each active project that carries a positive beginning balance.
- iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
- i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
- ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
- iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                     |
|--|---------------------|
| 2009 Apportionment                     | \$ 1,177,295        |
| Less: debt service payment             | -                   |
| Net Estimated Apportionment            | <u>1,177,295</u>    |
| 30% base                               | <u>30%</u>          |
| FY 2009 30% Threshold                  | <u>353,189</u>      |
| Fund Balance per Schedule A            | <u>1,687,649</u>    |
| Excess Fund Balance Over Apportionment | <u>\$ 1,334,460</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$1,334,460.

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

|                  | Balance<br>July 1, 2008 | Issuance     | Retirements | Balance<br>June 30, 2009 |
|------------------|-------------------------|--------------|-------------|--------------------------|
| Commercial Paper | \$ -                    | \$ 3,000,000 | \$ -        | \$ 3,000,000             |

**Findings:** No findings were noted.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                    |
|---|--------------------|
| Current year local discretionary expenditures on streets and roads              | \$ 1,982,808       |
| Less: Maintenance of effort base  | <u>(1,843,285)</u> |
| Excess (deficit) of current year local discretionary expenditures over MOE base | <u>\$ 139,523</u>  |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |       |
|--|--------|--------|-------------|-------|
|  | 2009   | 2006   | Growth Rate |       |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90        | Times |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |       |
|---|---------------|---------------|-------------|-------|
|   | 2009          | 2006          | Growth Rate |       |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 36,188,860 | \$ 30,926,229 | 1.17        | Times |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90        |
| Times       |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |              |
|---------------------------------------|--------------|
| Previously approved MOE base          | \$ 1,843,285 |
| Growth rate                           | 0.90         |
| Adjusted MOE base as of June 30, 2009 | \$ 1,658,957 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

i. Reviewed that the City is using the most current approved fee amount.

ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."

iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.

iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness

v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule and in 2009 the same finding existed. Therefore, the finding on the 30% rule and the specific recommendation were not adequately addressed by the City.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carlson*

San Diego, California  
January 11, 2010

City of National City

Exhibit A

TransNet and TransNet Extension Activities

Schedule A - Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                                       | Project |                                | Project                |                     |                    | Project                 |                     | Project                 |
|--|---------|--------------------------------|------------------------|---------------------|--------------------|-------------------------|---------------------|-------------------------|
|  | Number  | Project Name                   | Status<br>July 1, 2008 | Funds<br>Received   | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Status<br>June 30, 2009 |
| <b>TransNet</b>                              |         |                                |                        |                     |                    |                         |                     |                         |
| <b>Streets and Roads</b>                     |         |                                |                        |                     |                    |                         |                     |                         |
| NC 01  | 6569    | Plaza Blvd. Widening           | \$ 994,947             | \$ -                | \$ 2,537           | \$ (75,080)             | \$ -                | \$ 922,404              |
| NC 03  | 6035    | Street Resurfacing Project     | 2,132,016              | -                   | 5,438              | (2,137,454)             | -                   | -                       |
| NC 04  | 6558    | Traffic Signal Install/Upgrade | 532,459                | -                   | 1,358              | (23,673)                | -                   | 510,144                 |
| <b>Total Streets and Roads</b>               |         |                                | <b>3,659,422</b>       | <b>-</b>            | <b>9,333</b>       | <b>(2,236,207)</b>      | <b>-</b>            | <b>1,432,548</b>        |
| <b>Bikes and Pedestrians</b>                 |         |                                |                        |                     |                    |                         |                     |                         |
| NC 06  | 1012    | Bicycle Master Plan            | 4,513                  | -                   | 11                 | (4,524)                 | -                   | - (a)                   |
| <b>Total Bikes and Pedestrians</b>           |         |                                | <b>4,513</b>           | <b>-</b>            | <b>11</b>          | <b>(4,524)</b>          | <b>-</b>            | <b>-</b>                |
| <b>Total TransNet</b>                        |         |                                | <b>\$ 3,663,935</b>    | <b>\$ -</b>         | <b>\$ 9,344</b>    | <b>\$ (2,240,731)</b>   | <b>\$ -</b>         | <b>\$ 1,432,548</b>     |
| <b>Non-TransNet</b>                          |         |                                |                        |                     |                    |                         |                     |                         |
| <b>Highway</b>                               |         |                                |                        |                     |                    |                         |                     |                         |
|  | 6569    | Plaza Blvd. Widening           | (4,167)                | -                   | -                  | -                       | 4,167               | - (b)                   |
| <b>Total Non-TransNet</b>                    |         |                                | <b>\$ (4,167)</b>      | <b>\$ -</b>         | <b>\$ -</b>        | <b>\$ -</b>             | <b>\$ 4,167</b>     | <b>\$ -</b>             |
| <b>TransNet Extension</b>                    |         |                                |                        |                     |                    |                         |                     |                         |
| <b>Local Street Improvements</b>             |         |                                |                        |                     |                    |                         |                     |                         |
| <b>Congestion Relief</b>                     |         |                                |                        |                     |                    |                         |                     |                         |
| NC 03  | 6035    | Street Resurfacing Project     | \$ -                   | \$ 3,000,000        | \$ -               | \$ (2,944,899)          | \$ -                | \$ 55,101               |
| NC 04  | 6558    | Traffic Signal Install/Upgrade | -                      | 200,000             | -                  | -                       | -                   | 200,000                 |
| <b>Subtotal Congestion Relief</b>            |         |                                | <b>-</b>               | <b>3,200,000</b>    | <b>-</b>           | <b>(2,944,899)</b>      | <b>-</b>            | <b>255,101</b>          |
| <b>Total TransNet Extension</b>              |         |                                | <b>\$ -</b>            | <b>\$ 3,200,000</b> | <b>\$ -</b>        | <b>\$ (2,944,899)</b>   | <b>\$ -</b>         | <b>\$ 255,101</b>       |
| <b>Total TransNet and TransNet Extension</b> |         |                                | <b>\$ 3,663,935</b>    | <b>\$ 3,200,000</b> | <b>\$ 9,344</b>    | <b>\$ (5,185,630)</b>   | <b>\$ -</b>         | <b>\$ 1,687,649</b>     |

Notes:

a) This project was completed during FY 08-09.

b) This project no longer consists of SANDAG funding and was removed from the Schedule of Status of Funds by Project.

**City of National City**  
**TransNet Extension Activities**

**Exhibit B**

**Schedule B - Cumulative Schedule of Status of Funds by Project**  
**For the year ended June 30, 2009**

| <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, 2009</u> |
|----------------------------------|-----------------------------------|-----------------------|------------------------|-----------------------------|-------------------------|-------------------------------------|
| <b>Local Street Improvements</b> |                                   |                       |                        |                             |                         |                                     |
| <i>Congestion Relief</i>         |                                   |                       |                        |                             |                         |                                     |
| NC 03                            | Street Resurfacing Project        | \$ 3,000,000          | \$ -                   | \$ (2,944,899)              | \$ -                    | \$ 55,101                           |
| NC 04                            | Traffic Signal Install/Upgrade    | 200,000               | -                      | -                           | -                       | 200,000                             |
|                                  | <b>Subtotal Congestion Relief</b> | <u>3,200,000</u>      | <u>-</u>               | <u>(2,944,899)</u>          | <u>-</u>                | <u>255,101</u>                      |
|                                  | <b>Total TransNet Extension</b>   | <u>\$ 3,200,000</u>   | <u>\$ -</u>            | <u>\$ (2,944,899)</u>       | <u>\$ -</u>             | <u>\$ 255,101</u>                   |

**City of National City**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

Exhibit C

RTCIP

| Project Name                            | Project<br>Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|---|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                              | \$ 16,000         | \$ -               | \$ -                    | \$ -                | \$ 16,000                          |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                       | <b>\$ 16,000</b>  | <b>\$ -</b>        | <b>\$ -</b>             | <b>\$ -</b>         | <b>\$ 16,000</b>                   |

**City of National City**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

Exhibit D

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**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |    |           |
|--|----|-----------|
| 2009 Apportionment                     | \$ | 1,177,295 |
| Less: debt service payment             |    | -         |
| Net Estimated Apportionment            |    | 1,177,295 |
| 30% base                               |    | 30%       |
| FY 2009 30% Threshold                  |    | 353,189   |
| Fund Balance per Schedule A            |    | 1,687,649 |
| Excess Fund Balance Over Apportionment | \$ | 1,334,460 |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's 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 be fully expended in FY 2009-2010. The final design of the Plaza Boulevard project has been completed and staff continues to seek additional funds to continue construction. In addition, the bulk of the Upgrading of Traffic Signal project is anticipated to be fully expended in FY 2009-2010. Staff will continue to monitor the progress of the projects and will continue to update SANDAG on the status.

# City of Oceanside

Oceanside, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of Oceanside**  
*TransNet Fund*

**Table of Contents**

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|   | <u>Page</u> |
|---|-------------|
| <b>Independent Accountants' Report</b> .....                            | 1           |
| <b>Exhibits:</b>  |             |
| A. Schedule A - Schedule of Status of Funds by Project.....             | 7           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project ..... | 9           |
| C. Schedule of Findings and Recommendations .....                       | 10          |



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Oceanside, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During the fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |                            |
|--|----------------------------|
| Annual apportionment   | \$ 3,689,743               |
|  | <u>30%</u>                 |
| Street and road project status balance threshold             | 1,106,923                  |
| Fund balance   | <u>7,868,440</u>           |
| Excess street and road project status balance over threshold | <u><u>\$ 6,761,517</u></u> |

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, does not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                          |
|---|--------------------------|
| Current year local discretionary expenditures on streets and roads              | \$ 3,101,781             |
| Less: Maintenance of effort base  | <u>(2,931,649)</u>       |
| Excess (deficit) of current year local discretionary expenditures over MOE base | <u><u>\$ 170,132</u></u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |       |
|--|--------|--------|-------------|-------|
|  | 2009   | 2006   | Growth Rate |       |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90        | Times |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |                |                |             |       |
|---|----------------|----------------|-------------|-------|
|   | 2009           | 2006           | Growth Rate |       |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 116,024,411 | \$ 105,488,507 | 1.10        | Times |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |       |
|-------------|-------|
| Lowest      |       |
| Growth Rate |       |
| 0.90        | Times |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |              |
|---------------------------------------|--------------|
| Previously approved MOE base          | \$ 2,931,649 |
| Growth rate                           | 0.90         |
| Adjusted MOE base as of June 30, 2009 | \$ 2,638,484 |

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

**Findings:** Per discussion with the City's management, there were RTCIP activities therefore, procedure L does not apply.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeding the 30% rule and in 2009 the same finding existed. Therefore, the finding on the 30% rule and the specific recommendation were not adequately addressed by the City

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit C for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carlson*

San Diego, California  
November 16, 2009

# City of Oceanside

Exhibit A

## TransNet and TransNet Extension Activities

### Schedule A - Schedule of Status of Funds By Project

For the year ended June 30, 2009

| MPO<br>ID                | CIP      | Project Name                                   | Project                |                   |                    |                         | Project<br>Status<br>June 30, 2009 |                        |
|--------------------------|----------|--|------------------------|-------------------|--------------------|-------------------------|------------------------------------|------------------------|
|                          |          |  | Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures |                                    | City<br>Adjustments    |
| <b>TransNet</b>          |          |  |                        |                   |                    |                         |                                    |                        |
| <b>Highways</b>          |          |  |                        |                   |                    |                         |                                    |                        |
|                          | 7805     | Hwy 76 - Cooperative Agreement No 11-4274      | \$ 2,141,820           | \$ -              | \$ -               | \$ -                    | \$ (2,141,820)                     | \$ - (d)               |
|                          | 7620     | I-5, SR 78 @ College Blvd                      | 437,132                | -                 | -                  | -                       | (437,132)                          | - (e)                  |
|                          | 4660     | College Blvd / W Vista to Marron               | 66,048                 | -                 | -                  | -                       | (66,048)                           | - (e)                  |
|                          | 7660     | College Blvd, W Vista to Lake Blvd             | 647,442                | -                 | -                  | -                       | (647,442)                          | - (e)                  |
|                          |          | <b>Total Highways</b>                          | <b>3,292,442</b>       | <b>-</b>          | <b>-</b>           | <b>-</b>                | <b>(3,292,442)</b>                 | <b>-</b>               |
| <b>Streets and Roads</b> |          |  |                        |                   |                    |                         |                                    |                        |
| O04                      | 757542   | Street Rehabilitation                          | 691,132                | -                 | -                  | (751,753)               | -                                  | (60,621) (c)           |
| O04                      | 757790   | Miscellaneous Street Projects                  | 4,186,753              | -                 | 196,346            | (127,179)               | -                                  | 4,255,920              |
| O04                      | 757791   | Industry St Reconstruction                     | (49,863)               | -                 | -                  | (38,656)                | -                                  | (88,519) (c)           |
| O04                      | 757792   | Sleeping Indian Reconstruction                 | (170)                  | -                 | -                  | -                       | -                                  | (170) (c)              |
| O04                      | ST-23    | Street Maintenance Projects                    | 1,257,143              | -                 | 60,803             | -                       | -                                  | 1,317,946              |
|                          |          | <b>Subtotal O04</b>                            | <b>6,084,995</b>       | <b>-</b>          | <b>257,149</b>     | <b>(917,588)</b>        | <b>-</b>                           | <b>5,424,556</b>       |
| O06                      | 779671   | Melrose Dr Extension                           | 1,310,051              | -                 | 63,362             | -                       | -                                  | 1,373,413              |
| O06                      | 757793   | Melrose Dr. Extension Design                   | (368,588)              | -                 | -                  | (550,690)               | -                                  | (919,278) (c)          |
|                          |          | <b>Subtotal O06</b>                            | <b>941,463</b>         | <b>-</b>          | <b>63,362</b>      | <b>(550,690)</b>        | <b>-</b>                           | <b>454,135</b>         |
| O09                      | 775606   | El Camino bridge widening                      | 924,260                | -                 | 44,703             | -                       | -                                  | 968,963 (a)            |
| O12                      | 775613   | Pala Road Extension                            | 111,446                | -                 | 5,390              | -                       | -                                  | 116,836                |
| O13                      | 757216   | Street Restoration                             | (793,932)              | -                 | -                  | (1,490,449)             | 793,932                            | (1,490,449) (b)        |
| O13                      | 755231   | Neighborhood Traffic Improvement               | (198,455)              | -                 | -                  | (24,697)                | 198,455                            | (24,697) (b)           |
| O13                      | 757790   | Misc Street Improvements                       | (44,214)               | -                 | -                  | -                       | 44,214                             | -                      |
| O13                      | 765101   | Misc Traffic Markings                          | (9,179)                | -                 | -                  | (57,060)                | 9,179                              | (57,060) (b)           |
|                          |          | <b>Subtotal O13</b>                            | <b>(1,045,780)</b>     | <b>-</b>          | <b>-</b>           | <b>(1,572,206)</b>      | <b>1,045,780</b>                   | <b>(1,572,206) (f)</b> |
| O14                      | 775608/9 | Bridge Rehabilitation                          | 2,662,099              | -                 | 128,755            | -                       | -                                  | 2,790,854              |
| O14                      | 775609   | No Coast Hwy bridge Seismic Retro              | (21,313)               | -                 | -                  | -                       | -                                  | (21,313)               |
| O14                      | 775608   | Douglas Dr bridge Seismic Retro                | (165,756)              | -                 | -                  | (6,176)                 | -                                  | (171,932)              |
| O14                      | 775215   | El Camino Mesa/Mission                         | (98,354)               | -                 | -                  | (972,464)               | -                                  | (1,070,818)            |
| O14                      | 8760     | Hill St Bridge @ San Luis Ray River            | 1,731,428              | -                 | 33,162             | (10,692)                | (1,045,780)                        | 708,118 (f)            |
| O14                      | 779672   | RR Quiet Zone Assmnt Pr                        | (18,894)               | -                 | -                  | (7,799)                 | -                                  | (26,693)               |
|                          |          | <b>Subtotal O14</b>                            | <b>4,089,210</b>       | <b>-</b>          | <b>161,917</b>     | <b>(997,131)</b>        | <b>(1,045,780)</b>                 | <b>2,208,216 (a)</b>   |
|                          |          | <b>Subtotal Streets and Roads</b>              | <b>11,105,594</b>      | <b>-</b>          | <b>532,521</b>     | <b>(4,037,615)</b>      | <b>-</b>                           | <b>7,600,500</b>       |
|                          |          | <b>Subtotal Streets and Roads and Highways</b> | <b>\$ 14,398,036</b>   | <b>\$ -</b>       | <b>\$ 532,521</b>  | <b>\$ (4,037,615)</b>   | <b>\$ (3,292,442)</b>              | <b>\$ 7,600,500</b>    |

(continued)

Notes:

- (a) The City will return balance not required for current expenditures to comply with the 30% Rule.
- (b) Per resolution 09-RT0372-1, RTIP Amendment #15 approved in January 2010 by SANDAG Board, transferring \$1,046,000 into MPO O13 from prior year authorizations. The City will request, in fiscal year 2011, a draw to cover the deficit from additional *TransNet* funds authorized by the same amendment once the city is in compliance with the 30% rule.
- (c) The City will request a draw in fiscal year 2011 to remove the deficit once the City is in compliance with the 30% Rule.
- (d) The City made a prior period adjustment of \$1,890,454 to reconcile the beginning balance to the financial statements for fiscal year 2007-2008. The City returned \$251,366 to SANDAG.
- (e) The City returned funds to SANDAG.
- (f) Per resolution 09-R0372-1, RTIP Amendment #15 approved in January 2010 by SANDAG Board, funds were moved from MPO 01 to MPO 013.

**City of Oceanside**  
**TransNet and TransNet Extension Activities**  
**Schedule of Status of Funds By Project, Continued**  
**For the year ended June 30, 2009**

**Exhibit A**

| MPO ID   | CIP    | Projects                                     | Project Status July 1, 2008 | Funds Received | Interest Income   | Project Expenditures  | City Adjustments      | Project Status June 30, 2009 |
|--|--------|--|-----------------------------|----------------|-------------------|-----------------------|-----------------------|------------------------------|
| <b>Balance carried forward</b>                             |        |  | \$ 14,398,036               | \$ -           | \$ 532,521        | \$ (4,037,615)        | \$ (3,292,442)        | \$ 7,600,500                 |
| O15  | 737556 | Pacific St Bridge@ San Luis Rey River        | 219,157                     | -              | 10,600            | (229,757)             | -                     | -                            |
| O18  | 755237 | Gateway Corridor Improve/O'side              | (11,690)                    | -              | -                 | (975)                 | -                     | (12,665) (c)                 |
| O18  | 755239 | Misc sidewalks/ADA                           | 985,598                     | -              | 42,952            | (97,547)              | -                     | 931,003                      |
| O18  | 757544 | Str Cavalier MHP Access                      | (202,700)                   | -              | -                 | -                     | -                     | (202,700) (c)                |
| O18  | 779672 | RR Quiet Zone Assmnt Proj                    | (38,161)                    | -              | -                 | -                     | -                     | (38,161) (c)                 |
| O18  | 755221 | Lucky St/McNeill                             | -                           | -              | -                 | (18,527)              | -                     | (18,527) (c)                 |
| O18  | 755223 | So Coast Hwy Tree Well                       | -                           | -              | -                 | (2,869)               | -                     | (2,869) (c)                  |
| O18  | 755224 | So Hwy & Vst Wy Imprv                        | -                           | -              | -                 | (3,912)               | -                     | (3,912) (c)                  |
| O18  | 755226 | Cribwall @ Oblvd & ECR                       | -                           | -              | -                 | (3,425)               | -                     | (3,425) (c)                  |
| O18  | 755228 | Sunburst/Maple/Kelton                        | -                           | -              | -                 | (29,362)              | -                     | (29,362) (c)                 |
| <b>Subtotal O18</b>  |        |  | <u>733,047</u>              | <u>-</u>       | <u>42,952</u>     | <u>(156,617)</u>      | <u>-</u>              | <u>619,382</u>               |
| <b>Total Streets and Roads</b>                             |        |  | <u>12,057,798</u>           | <u>-</u>       | <u>586,073</u>    | <u>(4,423,989)</u>    | <u>-</u>              | <u>8,219,882</u>             |
| <b>Bikes and Pedestrian</b>                                |        |  |                             |                |                   |                       |                       |                              |
|  | 7740   | San Luis Rey bike path, Douglas Dr to Priory | 12,912                      | -              | -                 | -                     | (12,912)              | - (e)                        |
| <b>Total Bikes and Pedestrian</b>                          |        |  | <u>12,912</u>               | <u>-</u>       | <u>-</u>          | <u>-</u>              | <u>(12,912)</u>       | <u>-</u>                     |
| <b>Total TransNet</b>                                      |        |  | <u>\$ 15,363,152</u>        | <u>\$ -</u>    | <u>\$ 586,073</u> | <u>\$ (4,423,989)</u> | <u>\$ (3,305,354)</u> | <u>\$ 8,219,882</u>          |
| <b>TransNet Extension:</b>                                 |        |  |                             |                |                   |                       |                       |                              |
| <b>Local Street Improvements Congestion Relief:</b>        |        |  |                             |                |                   |                       |                       |                              |
| O20  | 755227 | Oblvd Bus Stop ADA Upgd                      | -                           | -              | -                 | (13,040)              | -                     | (13,040) (g)                 |
| O22  | 737557 | College Bridge Widen @ SLR                   | (1,230)                     | -              | -                 | (2,837)               | -                     | (4,067) (c)                  |
| O23  | 757794 | College VW to Olive                          | (1,844)                     | -              | -                 | (332,491)             | -                     | (334,335) (c)                |
| <b>Subtotal Congestion Relief</b>                          |        |  | <u>(3,074)</u>              | <u>-</u>       | <u>-</u>          | <u>(348,368)</u>      | <u>-</u>              | <u>(351,442)</u>             |
| <b>Total TransNet Extension:</b>                           |        |  | <u>\$ (3,074)</u>           | <u>\$ -</u>    | <u>\$ -</u>       | <u>\$ (348,368)</u>   | <u>\$ -</u>           | <u>\$ (351,442)</u>          |
| <b>Non-TransNet</b>  |        |  |                             |                |                   |                       |                       |                              |
| <b>Highways</b>  |        |  |                             |                |                   |                       |                       |                              |
|  | 779673 | SR 76 @ ECR Interchange                      | (1,983)                     | -              | -                 | -                     | 1,983                 | - (h)                        |
| <b>Total Highways</b>                                      |        |  | <u>(1,983)</u>              | <u>-</u>       | <u>-</u>          | <u>-</u>              | <u>1,983</u>          | <u>-</u>                     |
| <b>Streets and Roads</b>                                   |        |  |                             |                |                   |                       |                       |                              |
| O08  | 755607 | College Widen Plaza-Lake                     | (89,156)                    | -              | -                 | -                     | 89,156                | - (h)                        |
| <b>Total Streets and Roads</b>                             |        |  | <u>(89,156)</u>             | <u>-</u>       | <u>-</u>          | <u>-</u>              | <u>89,156</u>         | <u>-</u>                     |
| <b>Bikes and Pedestrian</b>                                |        |  |                             |                |                   |                       |                       |                              |
| O16  | 727803 | Citywide Bicycle Plan                        | (122,729)                   | -              | -                 | -                     | 122,729               | - (i)                        |
| V02  | 727801 | Coastal Rail Trail                           | (82,863)                    | -              | -                 | -                     | 82,863                | - (h)                        |
|  | 727745 | SLR Bicycle/Ped Bridge                       | (13,050)                    | -              | -                 | -                     | 13,050                | - (h)                        |
|  | 727802 | SLR Coastal College to N Santa Fe            | (615)                       | -              | -                 | -                     | 615                   | - (h)                        |
|  |        | Downtown Redevelopment Plan                  | 1,520                       | -              | -                 | -                     | (1,520)               | - (j)                        |
| <b>Total Bikes and Pedestrian</b>                          |        |  | <u>(217,737)</u>            | <u>-</u>       | <u>-</u>          | <u>-</u>              | <u>217,737</u>        | <u>-</u>                     |
| <b>Total Non-TransNet</b>                                  |        |  | <u>\$ (308,876)</u>         | <u>\$ -</u>    | <u>\$ -</u>       | <u>\$ -</u>           | <u>\$ 308,876</u>     | <u>\$ -</u>                  |
| <b>Total TransNet, TransNet Extension and Non-TransNet</b> |        |  | <u>\$ 15,051,202</u>        | <u>\$ -</u>    | <u>\$ 586,073</u> | <u>\$ (4,772,357)</u> | <u>\$ (2,996,478)</u> | <u>\$ 7,868,440</u>          |

Notes:

- (g) Project has been delayed and the City has not requested a draw from the authorized TransNet funds.
- (h) The City covered the deficit with a non-TransNet fund (Fund 561).
- (i) Expenditures for this project were reclassified to the TDA fund.
- (j) The City transferred the balance to a non-TransNet fund (Fund 561).

City of Oceanside

TransNet Extension Activities

Schedule B - Cumulative Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                           | Project Name                      | Funds Received | Interest Income | Project Expenditures | Adjustments | Project Status June 30, 2009 |
|----------------------------------|-----------------------------------|----------------|-----------------|----------------------|-------------|------------------------------|
| <b>Local Street Improvements</b> |                                   |                |                 |                      |             |                              |
| <i>Congestion Relief:</i>        |                                   |                |                 |                      |             |                              |
| O20                              | Oblvd Bus Stop ADA Upgd           | \$ -           | \$ -            | (13,040)             | \$ -        | \$ (13,040)                  |
| O22                              | College Bridge Widen @ SLR        |                |                 | (4,067)              |             | (4,067)                      |
| O23                              | College VW to Olive               |                |                 | (334,335)            |             | (334,335)                    |
|                                  | <b>Subtotal Congestion Relief</b> | <u>-</u>       | <u>-</u>        | <u>(351,442)</u>     | <u>-</u>    | <u>(351,442)</u>             |
|                                  | <b>Total TransNet Extension:</b>  | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ (351,442)</u>  | <u>\$ -</u> | <u>\$ (351,442)</u>          |

**City of Oceanside**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

Exhibit C

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**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |              |
|--|--------------|
| Annual apportionment   | \$ 3,689,743 |
|  | 30%          |
| Street and road project status balance threshold                 | 1,106,923    |
| Street and road project status balance                           | 7,868,440    |
| Excess street and road project status balance<br>over threshold. | \$ 6,761,517 |

In addition, in 2008 the City also exceeded the 30% rule. Therefore, the finding on the 30% rule and the specific recommendation were not adequately addressed by the City.

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's Response**

The City of Oceanside's excess *Transnet* fund balance was \$10,699,954 at the end of FY 2008. In FY 2009, the City did not drawdown new *Transnet* funds and reduced the excess fund balance to \$6,761,517 by completing programmed projects. The city will reduce the excess fund balance in FY 2010 by approximately \$4.5 million from expenditures from the following projects under construction: 757790, ST-23, 755239. The City of Oceanside will be fully in compliance with SANDAG Board Policy No. 031, Rule #17, Section V in FY 2011.

# City of Poway

Poway, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of Poway**  
**TransNet Fund**

**Table of Contents**

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|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | <b>1</b>    |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. RTCIP Schedule .....  | 10          |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Poway, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments.

|  |                            |
|--|----------------------------|
| 2009 Apportionment                             | \$ 1,264,310               |
| Less: debt service payment                     | -                          |
| Net Estimated Apportionment                    | <u>1,264,310</u>           |
| 30% base                                       | 30%                        |
| FY 2009 30% Threshold                          | <u>379,293</u>             |
| Fund Balance per Schedule A                    | <u>93,813</u>              |
| Excess Fund Balance Over (Under) Apportionment | <u><u>\$ (285,480)</u></u> |

**Findings:** No findings were noted.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, Procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- a. Obtained the current MOE requirements for the City from SANDAG.
  - b. Obtained Schedule 3 of the Annual Street Report from the City.
  - c. Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - d. Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                          |
|---|--------------------------|
| Current year local discretionary expenditures on streets and roads  | \$ 1,917,816             |
| Less: Maintenance of effort base                                    | <u>(1,142,408)</u>       |
| Current year local discretionary expenditures over (under) MOE base | <u><u>\$ 775,408</u></u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |
|---|---------------|---------------|-------------|
|   | 2009          | 2006          | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 34,013,422 | \$ 38,559,329 | 0.88 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.88 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective according to the fiscal year ending June 30, 2012 to 2014.

|                                       |              |
|---------------------------------------|--------------|
| Previously approved MOE base          | \$ 1,142,408 |
| Growth rate                           | 0.88         |
| Adjusted MOE base as of June 30, 2009 | \$ 1,005,319 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

i. Reviewed that the City is using the most current approved fee amount.

ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."

iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.

iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness

v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings were noted.

- P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** No findings were noted.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 12, 2010

**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project**  
**For the year ended June 30, 2009**

| MPO ID                           | Project Name                                 | Project Status<br>July 1, 2008 | Funds Received    | Interest Income | Project Expenditures  | Project Status<br>June 30, 2009 | Note |
|----------------------------------|--|--------------------------------|-------------------|-----------------|-----------------------|---------------------------------|------|
| <b>TransNet:</b>                 |  |                                |                   |                 |                       |                                 |      |
| <b>Streets and Roads</b>         |  |                                |                   |                 |                       |                                 |      |
| POW 01                           | Street Maintenance                           | \$ 208,318                     | \$ -              | \$ 1,729        | \$ (210,047)          | \$ -                            | (a)  |
|                                  | <b>Total Streets and Roads</b>               | <u>208,318</u>                 | <u>-</u>          | <u>1,729</u>    | <u>(210,047)</u>      | <u>-</u>                        |      |
|                                  | <b>Total TransNet</b>                        | <u>208,318</u>                 | <u>-</u>          | <u>1,729</u>    | <u>(210,047)</u>      | <u>-</u>                        |      |
| <b>TransNet Extension</b>        |  |                                |                   |                 |                       |                                 |      |
| <b>Local Street Improvements</b> |  |                                |                   |                 |                       |                                 |      |
| <b>Congestion Relief:</b>        |  |                                |                   |                 |                       |                                 |      |
| POW 01A                          | City Wide Major Reconstruction               | -                              | 480,810           | 4,426           | (559,675)             | (74,439)                        | (b)  |
|                                  | <b>Subtotal Congestion Relief</b>            | <u>-</u>                       | <u>480,810</u>    | <u>4,426</u>    | <u>(559,675)</u>      | <u>(74,439)</u>                 |      |
| <b>Maintenance</b>               |  |                                |                   |                 |                       |                                 |      |
| POW 04                           | City Wide Street Maintenance                 | -                              | 400,000           | -               | (231,748)             | 168,252                         |      |
|                                  | <b>Subtotal Maintenance</b>                  | <u>-</u>                       | <u>400,000</u>    | <u>-</u>        | <u>(231,748)</u>      | <u>168,252</u>                  |      |
|                                  | <b>Total TransNet Extension</b>              | <u>-</u>                       | <u>880,810</u>    | <u>4,426</u>    | <u>(791,423)</u>      | <u>93,813</u>                   |      |
|                                  | <b>Total TransNet and TransNet Extension</b> | <u>\$ 208,318</u>              | <u>\$ 880,810</u> | <u>\$ 6,155</u> | <u>\$ (1,001,470)</u> | <u>\$ 93,813</u>                |      |

**Notes:**

(a) The City expended all of its *TransNet* funds during the fiscal year.

(b) Funding will be requested in FY 2010 to remove the deficit.

**City of Poway**

**Exhibit B**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| MPO ID                           | Project Name                      | Funds Received    | Interest Income | Project Expenditures | City Adjustments | Project Status June 30, 2009 |
|----------------------------------|-----------------------------------|-------------------|-----------------|----------------------|------------------|------------------------------|
| <b>Local Street Improvements</b> |                                   |                   |                 |                      |                  |                              |
| <i>Congestion Relief</i>         |                                   |                   |                 |                      |                  |                              |
| POW 01A                          | City Wide Major Reconstruction    | \$ 480,810        | \$ 4,426        | \$ (559,675)         | \$ -             | \$ (74,439)                  |
|                                  | <b>Subtotal Congestion Relief</b> | <b>480,810</b>    | <b>4,426</b>    | <b>(559,675)</b>     | <b>-</b>         | <b>(74,439)</b>              |
| <i>Maintenance</i>               |                                   |                   |                 |                      |                  |                              |
| POW 04                           | City Wide Street Maintenance      | 400,000           | -               | (231,748)            | -                | 168,252                      |
|                                  | <b>Subtotal Maintenance</b>       | <b>400,000</b>    | <b>-</b>        | <b>(231,748)</b>     | <b>-</b>         | <b>168,252</b>               |
|                                  | <b>Total TransNet Extension</b>   | <b>\$ 880,810</b> | <b>\$ 4,426</b> | <b>\$ (791,423)</b>  | <b>\$ -</b>      | <b>\$ 93,813</b>             |

**City of Poway**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

**Exhibit C**

RTCIP

| Project Name                            | Project<br>Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|---|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                              | \$ 78,000         | \$ 1,785           | \$ -                    | \$ -                | \$ 79,785                          |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                       | <b>\$ 78,000</b>  | <b>\$ 1,785</b>    | <b>\$ -</b>             | <b>\$ -</b>         | <b>\$ 79,785</b>                   |

# City of San Diego

San Diego, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**City of San Diego**  
*TransNet Fund*

**Table of Contents**

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|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | 1           |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 17          |
| C. Schedule of RTCIP funds.....  | 20          |
| D. Schedule of Findings and Recommendations.....                       | 21          |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of San Diego, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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Toll Free Fax: (866) 436-0927

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                      |
|--|----------------------|
| 2009 Apportionment                     | \$ 25,743,899        |
| Less: debt service payment             | -                    |
| Net Estimated Apportionment            | <u>25,743,899</u>    |
| 30% base                               | 30%                  |
| FY 2009 30% Threshold                  | <u>7,723,170</u>     |
| Fund Balance per Schedule A            | <u>27,169,220</u>    |
| Excess Fund Balance Over Apportionment | <u>\$ 19,446,050</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$19,446,050.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- a. Obtained the current MOE requirements for the City from SANDAG.
  - b. Obtained Schedule 3 of the Annual Street Report from the City.
  - c. Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - d. Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|  | Street and<br>Road  | Specialized<br>Transportation<br>Services | Transit Bus<br>Subsidies | Total               |
|--|---------------------|---|--------------------------|---------------------|
| Current year local discretionary expenditures                          | \$ 29,989,398       | \$ 181,102                                | \$ 1,021,937             | \$ 31,192,437       |
| Less: Maintenance of effort base                                       | (24,475,072)        | (181,102)                                 | (974,946)                | (25,631,120)        |
| Current year local discretionary expenditures<br>over (under) MOE base | <u>\$ 5,514,326</u> | <u>\$ -</u>                               | <u>\$ 46,991</u>         | <u>\$ 5,561,317</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |                  |                |             |
|---|------------------|----------------|-------------|
|   | 2009             | 2006           | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 1,014,631,000 | \$ 833,162,000 | 1.22 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       | Street and<br>Road | Specialized<br>Transportation<br>Services | Transit Bus<br>Subsidies | Total         |
|---------------------------------------|--------------------|---|--------------------------|---------------|
| Previously approved MOE base          | \$ 24,475,072      | \$ 181,102                                | \$ 974,946               | \$ 25,631,120 |
| Growth rate                           | 0.90               | 0.90                                      | 0.90                     | 0.90          |
| Adjusted MOE base as of June 30, 2009 | \$ 22,027,565      | \$ 162,992                                | \$ 877,451               | \$ 23,068,008 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.  
a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

- i. Reviewed that the City is using the most current approved fee amount.
- ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."
- iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.
- iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness
- v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule and in 2009 the same finding existed. Therefore, the finding on the 30% rule and the specific recommendation were not adequately addressed by the City.

- P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Larson*

San Diego, California  
February 1, 2010

**City of San Diego**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project**  
**For the year ended June 30, 2009**

Exhibit A

| TransNet                          |                |   | Project             |                |                 | Project              |                  |                              |
|-----------------------------------|----------------|---|---------------------|----------------|-----------------|----------------------|------------------|------------------------------|
| MPO ID                            | Project Number | Project Name                                    | Status July 1, 2008 | Funds Received | Interest Income | Project Expenditures | City Adjustments | Project Status June 30, 2009 |
| <b>Highways</b>                   |                |   |                     |                |                 |                      |                  |                              |
| CAL 28                            | 523961         | SR 905 from I-805 Otay                          | \$ -                | \$ -           | \$ -            | \$ 315,179           | \$ -             | \$ 315,179 (h)               |
| CAL 28                            | 524632         | SR 56/Black Mountain                            | 2,021,061           | -              | 70,025          | -                    | -                | 2,091,086                    |
| <b>Total Highways</b>             |                |   | 2,021,061           | -              | 70,025          | 315,179              | -                | 2,406,265                    |
| <b>Streets and Roads</b>          |                |   |                     |                |                 |                      |                  |                              |
| SD01                              | 527130         | Alvarado Canyon Rd Realignment                  | 413,720             | -              | 14,334          | (291,214)            | -                | 136,840                      |
| SD05                              | 526990         | Euclid Avenue                                   | 88,001              | -              | 3,049           | -                    | -                | 91,050                       |
| SD06                              | 525920         | Aldine Dr. & Fairmount Ave. Slope Restore       | 102,242             | -              | 3,542           | 103,321              | -                | 209,105 (h)                  |
| SD09                              | 527150         | New walkways                                    | 1                   | -              | -               | (127,481)            | 127,480          | -                            |
| SD09                              | 590020         | Sidewalk replacements and repair - AA           | 628,880             | -              | 21,789          | (14,039)             | (127,480)        | 509,150                      |
| <b>Subtotal SD09 Projects</b>     |                |   | 628,881             | -              | 21,789          | (141,520)            | -                | 509,150                      |
| SD15                              | 522930         | Street light installation                       | 329,254             | -              | 11,408          | (32,970)             | -                | 307,692                      |
| SD15                              | 680120         | Install street lights in high crime areas - AA  | 436,347             | -              | 15,118          | -                    | -                | 451,465                      |
| <b>Subtotal SD15 Projects</b>     |                |   | 765,601             | -              | 26,526          | (32,970)             | -                | 759,157                      |
| SD16A                             | 620020         | Minor signal improvements - AA                  | 1,530,974           | -              | 53,045          | (10,808)             | -                | 1,573,211                    |
| SD16A                             | 623070         | South Bay Traffic Signal                        | -                   | -              | -               | (20,569)             | 20,569           | -                            |
| SD16A                             | 623260         | TS/SL @ Normal Street                           | 14,681              | -              | 509             | -                    | -                | 15,190                       |
| SD16A                             | 623270         | Rancho Bernardo Traffic Signal Interconnect     | -                   | -              | -               | (96,165)             | 96,165           | -                            |
| SD16A                             | 630020         | Traffic signal controllers - AA                 | 2,395,719           | -              | 83,006          | (91,105)             | (858,267)        | 1,529,353                    |
| SD16A                             | 680010         | Cooperative projects - AA                       | 1,829               | -              | 63              | -                    | -                | 1,892                        |
| SD16A                             | 680100         | Construct top 10-15 prioritized traffic signals | -                   | -              | -               | (89,765)             | 89,765           | -                            |
| SD16A                             | 680110         | Modernize top 10-15 prioritized traffic signals | -                   | -              | -               | (651,768)            | 651,768          | -                            |
| <b>Subtotal SD16A Projects</b>    |                |   | 3,943,203           | -              | 136,623         | (960,180)            | -                | 3,119,646                    |
| SD17                              | 121510         | Tijuana River Channel Mitigation Study          | 22,829              | -              | 791             | -                    | -                | 23,620                       |
| SD17                              | 680060         | Guard Rails - AA                                | 661,148             | -              | 22,907          | (40,116)             | -                | 643,940                      |
| <b>Subtotal SD17 Projects</b>     |                |   | 683,977             | -              | 23,698          | (40,116)             | -                | 667,560                      |
| SD18                              | 610010         | Signal installation - AA                        | 612,892             | -              | 21,235          | (129,430)            | (5,877)          | 498,820                      |
| SD18                              | 630010         | Traffic operations and safety - AA              | -                   | -              | -               | (5,877)              | 5,877            | -                            |
| <b>Subtotal SD18 Projects</b>     |                |   | 612,892             | -              | 21,235          | (135,307)            | -                | 498,820                      |
| <b>Subtotal Streets and Roads</b> |                |   | 7,238,517           | -              | 250,796         | (1,497,986)          | -                | 5,991,328                    |
| <b>Subtotal TransNet</b>          |                |   | \$ 9,259,578        | \$ -           | \$ 320,821      | \$ (1,182,807)       | \$ -             | \$ 8,397,593                 |

Notes:

h) Correction of prior year expenditure

**City of San Diego**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project, Continued**  
**For the year ended June 30, 2009**

Exhibit A

*TransNet, Continued*

| Project                                  |        |  | Project                |                   |                    | Project                 |                     | Project                 |
|--|--------|--|------------------------|-------------------|--------------------|-------------------------|---------------------|-------------------------|
| MPO ID                                   | Number | Project Name   | Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Status<br>June 30, 2009 |
| <i>TransNet subtotal carried forward</i> |        |  | \$ 9,259,578           | \$ -              | \$ 320,821         | \$ (1,182,807)          | \$ -                | \$ 8,397,593            |
| <b>Streets and Roads</b>                 |        |  |                        |                   |                    |                         |                     |                         |
| SD19                                     | 525880 | Streamview Drive   | 328,651                | -                 | 11,387             | (6,317)                 | -                   | 333,721                 |
| SD21                                     | 530370 | Seismic Retrofit - Bridges                                 | 126,902                | -                 | 4,397              | -                       | (84,232)            | 47,067                  |
| SD21                                     | 530550 | Seismic Retrofit - Bridges W Mission Bay Dr                | -                      | -                 | -                  | (84,232)                | 84,232              | -                       |
| <b>Subtotal SD21 Projects</b>            |        |  | <b>126,902</b>         | <b>-</b>          | <b>4,397</b>       | <b>(84,232)</b>         | <b>-</b>            | <b>47,067</b>           |
| SD22                                     | 370280 | Underground City utilities - AA                            | 31,477                 | -                 | 1,091              | -                       | -                   | 32,568 (j)              |
| SD23                                     | 113020 | Ransom Street and Darwin Way storm drain                   | -                      | -                 | -                  | (4,868)                 | 4,868               | -                       |
| SD23                                     | 113070 | Via Alicante Storm Drain Replacement Design                | -                      | -                 | -                  | (1,843)                 | 1,843               | -                       |
| SD23                                     | 13350  | Emergency drainage projects - AA                           | 165,617                | -                 | 5,739              | (809,873)               | (177,770)           | (816,287)               |
| SD23                                     | 135020 | Fashion Valley Road Restoration                            | -                      | -                 | -                  | (3,335)                 | 3,335               | -                       |
| SD23                                     | 523380 | Camino de la Costa Storm Drain Replacement                 | -                      | -                 | -                  | (167,724)               | 167,724             | -                       |
| <b>Subtotal SD23 Projects</b>            |        |  | <b>165,617</b>         | <b>-</b>          | <b>5,739</b>       | <b>(987,643)</b>        | <b>-</b>            | <b>(816,287)</b>        |
| SD24                                     | 525450 | Coastal erosion - AA                                       | 11,183                 | -                 | 387                | (970)                   | -                   | 10,601                  |
| SD29                                     | 524090 | 43rd Street widening - Logan Ave to I-805                  | 461,476                | -                 | 15,989             | (17,066)                | -                   | 460,399                 |
| SD31                                     | 525170 | Carmel Valley Rd. - 300' E/O Portfolio Dr. to Del Mar City | (73,093)               | -                 | (2,533)            | (56,482)                | 132,108             | - (n)                   |
| SD34                                     | 524790 | El Camino Real - Half Mile Drive to Via De La Valle        | (11,418)               | -                 | (396)              | 12,000                  | -                   | 186 (h)                 |
| SD38                                     | 525550 | Georgia St. bridge/ University Ave Replacement             | 1,670,029              | -                 | 57,863             | (64,640)                | -                   | 1,663,252               |
| SD43                                     | 526540 | Libson Street; Imperial Avenue to 217 Ft East of 71 St     | 49,586                 | -                 | 1,718              | (10,592)                | -                   | 40,712                  |
| SD44                                     | 525830 | Reconfigure La Jolla Shore                                 | 732,351                | -                 | 25,374             | 33,201                  | -                   | 790,926 (h)             |
| SD49                                     | 392160 | Washington St @ India St median                            | -                      | -                 | -                  | (33,748)                | 33,748              | -                       |
| SD49                                     | 524060 | Thorn Street Median Improvements                           | -                      | -                 | -                  | (26,811)                | 26,811              | -                       |
| SD49                                     | 526680 | Navejo Road median enhancement                             | 146,759                | -                 | 5,085              | -                       | -                   | 151,844                 |
| SD49                                     | 526920 | Montezuma Rd (Fairmount)/Median Improv.                    | 2,756,032              | -                 | 95,490             | -                       | (60,559)            | 2,790,963               |
| <b>Subtotal SD49 Projects</b>            |        |  | <b>2,902,791</b>       | <b>-</b>          | <b>100,575</b>     | <b>(60,559)</b>         | <b>-</b>            | <b>2,942,807</b>        |
| SD51                                     | 530500 | N.Torrey Pines Rd. Bridge over Los Penasquitos Creek       | 7,906                  | -                 | 274                | (64,665)                | 56,485              | - (n)                   |
| <b>Subtotal Streets and Roads</b>        |        |  | <b>6,403,458</b>       | <b>-</b>          | <b>221,865</b>     | <b>(1,307,965)</b>      | <b>188,593</b>      | <b>5,505,952</b>        |
| <b>Subtotal TransNet</b>                 |        |  | <b>\$ 15,663,037</b>   | <b>\$ -</b>       | <b>\$ 542,687</b>  | <b>\$ (2,490,772)</b>   | <b>\$ 188,593</b>   | <b>\$ 13,903,545</b>    |

Notes:

h) Correction of prior year expenditures

j) The City will submit RTIP amendment to re-allocate completed project funds.

n) Transfer expenditures between *TransNet*- Streets and Road and *TransNet* Extension-Local Street Improvements-Congestion Relief within same project.

**City of San Diego**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project, Continued**  
**For the year ended June 30, 2009**

Exhibit A

TransNet, Continued

| MPO ID                                   | Project Number | Project Name   | Project              |                |                   | Project               |                   | Project Status June 30, 2009 |
|--|----------------|--|----------------------|----------------|-------------------|-----------------------|-------------------|------------------------------|
|  |                |  | Status July 1, 2008  | Funds Received | Interest Income   | Project Expenditures  | City Adjustments  |                              |
| <b>TransNet subtotal carried forward</b> |                |  | \$ 15,663,037        | \$ -           | \$ 542,687        | \$ (2,490,772)        | \$ 188,593        | \$ 13,903,545                |
| <b>Streets and Roads</b>                 |                |  |                      |                |                   |                       |                   |                              |
| SD65                                     | 526730         | North Torrey Pines slope restoration                       | 399,241              | -              | 13,833            | -                     | (29,506)          | 383,567                      |
| SD65                                     | 526740         | Torrey Pines Road slope reconstruction                     | -                    | -              | -                 | (29,506)              | 29,506            | -                            |
| <b>Subtotal SD65 Projects</b>            |                |  | <b>399,241</b>       | <b>-</b>       | <b>13,833</b>     | <b>(29,506)</b>       | <b>-</b>          | <b>383,568</b>               |
| SD70                                     | 526430         | West Mission Bay Drive bridge over San Diego               | 742,053              | -              | 25,710            | (37,925)              | -                 | 729,838                      |
| SD74                                     | 526880         | Sunset Cliffs erosion project                              | 7,810                | -              | 271               | -                     | -                 | 8,081 (i), (j)               |
| SD83                                     | 524550         | SR 193 @ Friars Road                                       | 2,402,319            | -              | 83,235            | (416,895)             | -                 | 2,068,659                    |
| SD86                                     | 121520         | Famosa Slough Salt Marsh                                   | 7,217                | -              | 250               | (17,229)              | 9,762             | - (n)                        |
| SD90                                     | 527450         | SR 163 / Clairmont Mesa Blvd. Interchange                  | (1,460,555)          | -              | (50,605)          | (539,445)             | -                 | (2,050,605) (g)              |
| SD92                                     | 392070         | El Cajon Blvd revitalization Texas to Illinois             | -                    | -              | -                 | (30,353)              | 30,353            | - (n)                        |
| SD92                                     | 392130         | Hillcrest streetscape improvements                         | 17,330               | -              | 600               | (7,374)               | -                 | 10,556                       |
| SD92                                     | 392160         | Mid City gateways  | -                    | -              | -                 | (90,000)              | 90,000            | - (n)                        |
| SD92                                     | 392320         | Mid-city Transit Gateway                                   | -                    | -              | -                 | (39,415)              | 39,415            | - (n)                        |
| <b>Subtotal SD92 Projects</b>            |                |  | <b>17,330</b>        | <b>-</b>       | <b>600</b>        | <b>(167,142)</b>      | <b>159,768</b>    | <b>10,556</b>                |
| SD97                                     | 527240         | SAFE ROUTES to SCHOOL PROJECT-GOMPERS & HORTON             | 353,604              | -              | 12,252            | -                     | (32,255)          | 333,601                      |
| SD97                                     | 622650         | SAFE ROUTES to SCHOOL PROJECT-ROSA PARKS ELEMENTARY SCHOOL | -                    | -              | -                 | (32,255)              | 32,255            | -                            |
| SD97                                     | 680170         | SCHOOL TRAFFIC SAFETY IMPROVEMENTS                         | 108,910              | -              | 3,773             | (16,269)              | -                 | 96,414                       |
| <b>Subtotal SD97 Projects</b>            |                |  | <b>462,514</b>       | <b>-</b>       | <b>16,025</b>     | <b>(48,524)</b>       | <b>-</b>          | <b>430,015</b>               |
| SD99                                     | 525190         | Bridge rails - AA  | 158,153              | -              | 5,480             | (13,101)              | -                 | 150,532                      |
| SD101                                    | 525540         | First Avenue bridge over Maple Canyon rehabilitation       | 504,050              | -              | 17,464            | 94,766                | -                 | 616,280 (h)                  |
| SD104                                    | 392330         | Paradise Hill revitalization                               | 596,394              | -              | 20,664            | (559,946)             | -                 | 57,112                       |
| SD106                                    | 527190         | Mission Beach Boardwalk                                    | 191,065              | -              | 6,620             | (5,944)               | -                 | 191,741                      |
| SD111                                    | 525330         | Via De La Valle Bike Lane                                  | 100,000              | -              | 3,465             | -                     | -                 | 103,465 (l)                  |
| SD112                                    | 524790         | Via de La Valle, San Anreas Rd to El Camino Real           | 5,313                | -              | 184               | -                     | -                 | 5,497                        |
| SD114                                    | 581470         | Rose Creek Bikeway   | 228,496              | -              | 7,917             | -                     | -                 | 236,413                      |
| SD120                                    | 581910         | San Diego River Multi-Use                                  | (569)                | -              | (20)              | -                     | 589               | - (n)                        |
| SD124                                    | 229640         | Fiesta Island Drive  | 64,955               | -              | 2,251             | -                     | -                 | 67,206 (i), (j)              |
| SD127                                    | 540120         | Shoal Creek Pedestrian Bridge - Phase 1                    | 108,535              | -              | 3,760             | (43,201)              | -                 | 69,094                       |
| <b>Subtotal Streets and Roads</b>        |                |  | <b>4,534,321</b>     | <b>-</b>       | <b>157,104</b>    | <b>(1,784,092)</b>    | <b>170,119</b>    | <b>3,077,452</b>             |
| <b>Subtotal TransNet</b>                 |                |  | <b>\$ 20,197,358</b> | <b>\$ -</b>    | <b>\$ 699,791</b> | <b>\$ (4,274,864)</b> | <b>\$ 358,712</b> | <b>\$ 16,980,996</b>         |

Notes:

- e) The City will request funding in FY 2011 (when drawdown permitted)
- g) Construction begins in FY 2011, the City will present RTIP amendment for additional TransNet allocation.
- h) Correction of prior year expenditures
- i) City project completed.
- j) The City will submit RTIP amendment to re-allocate completed project funds.
- l) Project on hold until FY 2011 or pending additional funding.

**City of San Diego**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project, Continued**  
**For the year ended June 30, 2009**

Exhibit A

*TransNet, Continued*

| MPO ID                                   | Project Number | Project Name   | Project       |          |            | Project        |             | Project       |
|--|----------------|--|---------------|----------|------------|----------------|-------------|---------------|
|  |                |  | Status        | Funds    | Interest   | Project        | City        | Status        |
|  |                |  | July 1, 2008  | Received | Income     | Expenditures   | Adjustments | June 30, 2009 |
| <b>TransNet subtotal carried forward</b> |                |  | \$ 20,197,358 | \$ -     | \$ 699,791 | \$ (4,274,864) | \$ 358,712  | \$ 16,980,996 |
| <b>Streets and Roads</b>                 |                |  |               |          |            |                |             |               |
| SD129                                    | 623210         | University Ave and Van                                 | 159,753       | -        | 5,535      | -              | -           | 165,288       |
| SD129                                    | 527660         | University Ave Mobility Study                          | -             | -        | -          | 12,056         | -           | 12,056 (h)    |
| <b>Subtotal SD129 Projects</b>           |                |  | 159,753       | -        | 5,535      | 12,056         | -           | 177,344       |
| SD130                                    | 527630         | Skyline Drive - Street Enhancement                     | 161,078       | -        | 5,581      | 49,312         | -           | 215,971 (h)   |
| SD132                                    | 527170         | Bird Rock Coastal Traffic Flow Improvement             | (234,602)     | -        | (8,128)    | -              | -           | (242,730) (g) |
| SD133                                    | 526760         | Vista Sorrento Pkwy @ I-805 Modification               | 456,646       | -        | 15,822     | -              | -           | 472,468 (k)   |
| SD134                                    | 527430         | Euclid Avenue Corridor                                 | 182,242       | -        | 6,314      | 6,161          | -           | 194,717 (h)   |
| SD135                                    | 530370         | Seismic Retro - Bridge Garnet Ave over Rose Creek      | -             | -        | -          | 56,542         | -           | 56,542 (h)    |
| SD135                                    | 530381         | North Harbor Drive Bridge over Navy Estuary            | 34,629        | -        | 1,200      | (18,038)       | -           | 17,791        |
| <b>Subtotal SD135 Projects</b>           |                |  | 34,629        | -        | 1,200      | 38,504         | -           | 74,333        |
| SD136                                    | 581560         | Ocean Beach / Hotel Circle                             | 1,189         | -        | 41         | -              | -           | 1,230 (k)     |
| SD137                                    | 527640         | Palm Avenue / SR 75 Concept Study                      | 225,021       | -        | 7,796      | (60,864)       | -           | 171,954       |
| SD139                                    | 530610         | Laurel Street Bridge Over                              | 260,153       | -        | 9,014      | (9,366)        | -           | 259,800       |
| SD154                                    | 527800         | La Jolla Mesa Drive Sidewalk                           | 114,818       | -        | 3,978      | (27,773)       | -           | 91,023        |
| SD155                                    | 527750         | Old Otay Mesa Road                                     | 200,000       | -        | 6,930      | -              | -           | 206,930 (a)   |
| SD156                                    | 527740         | 35th & 34th @ Madison                                  | 57,505        | -        | 1,992      | (17,007)       | -           | 42,490        |
| SD157                                    | 527730         | Cherokee Street improvement                            | 28,051        | -        | 972        | (16,597)       | -           | 12,426        |
| SD160                                    | 527780         | 62nd to 65th Street Channel                            | 72,995        | -        | 2,529      | (18,071)       | -           | 57,453        |
| SD161                                    | 590230         | Pre-Engineering Concept for Congestion Relief Projects | 600,000       | -        | 20,789     | -              | -           | 620,789 (a)   |
| SD162                                    | 298650         | Home Avenue Improvements                               | 250,000       | -        | 8,662      | -              | -           | 258,662 (k)   |
| SD163                                    | 527760         | La Jolla Museum Traffic                                | 109,461       | -        | 3,793      | (47,607)       | -           | 65,646        |
| SD164                                    | 526790         | Miramar Road   | 925,000       | -        | 32,049     | -              | -           | 957,049 (l)   |
| SD165                                    | 580010         | New Developments                                       | 150,000       | -        | 5,197      | -              | -           | 155,197 (l)   |
| SD166                                    | 582040         | Minor Bicycle Facilities                               | 15,000        | -        | 520        | (15,000)       | -           | 520           |
| SD167                                    | 527770         | Potomac Street Improvement                             | 338,741       | -        | 11,737     | (75,241)       | -           | 275,237       |
| SD168                                    | 296920         | Public Roads Supporting Park Access                    | 250,000       | -        | 8,662      | -              | -           | 258,662 (l)   |
| SD169                                    | 527810         | San Diego River Path Study                             | 66,882        | -        | 2,317      | (64,019)       | -           | 5,180         |
| SD170                                    | 527790         | Skyline @ Cardiff Improvement                          | 24,018        | -        | 832        | (7,459)        | -           | 17,391        |
| SD171                                    | 582030         | Taylor St Bikeway                                      | 250,000       | -        | 8,662      | (14,393)       | -           | 244,269       |
| SD172                                    | 590210         | Transportation Grant Matches                           | 457,939       | -        | 15,867     | (1,995)        | -           | 471,811       |
| SD173                                    | 527820         | 38th Improvements                                      | 100,000       | -        | 3,465      | (17,285)       | -           | 86,180        |
| SD174                                    | 296800         | Windan Sea Erosion control                             | 270,949       | -        | 9,388      | (255,188)      | -           | 25,149        |
| SD175                                    | 135010         | Talbot Street Slope restoration                        | 219,364       | -        | 7,600      | 1,574          | -           | 228,538 (h)   |
| SD178                                    | 52960          | Persing Drive / Redwood                                | (34,957)      | -        | (1,211)    | 84,957         | -           | 48,789 (h)    |
| <b>Subtotal Streets and Roads</b>        |                |  | 5,711,876     | -        | 197,905    | (455,302)      | -           | 5,454,478     |
| <b>Total Streets and Roads</b>           |                |  | 23,888,173    | -        | 827,670    | (5,045,345)    | 358,712     | 20,029,209    |
| <b>Subtotal TransNet</b>                 |                |  | \$ 25,909,234 | \$ -     | \$ 897,695 | \$ (4,730,166) | \$ 358,712  | \$ 22,435,474 |

**Notes:**

- a) Obtaining FY 2010 approval to allocate City budget.
- g) Construction begins in FY 2011, the City will present RTIP amendment for additional TransNet allocation.
- h) Correction of prior year expenditures
- k) The project is active, however, has been using non-TransNet funding for over two fiscal years.
- l) Project on hold until FY 2011 or pending additional funding.

**City of San Diego**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project, Continued**  
**For the year ended June 30, 2009**

Exhibit A

TransNet, Continued

| MPO ID                                   | Project Number | Project Name                                 | Project              |                |                   | Project               |                   | Project Status June 30, 2009 |
|--|----------------|--|----------------------|----------------|-------------------|-----------------------|-------------------|------------------------------|
|  |                |  | Status July 1, 2008  | Funds Received | Interest Income   | Project Expenditures  | City Adjustments  |                              |
| <b>TransNet subtotal carried forward</b> |                |  | \$ 25,909,234        | \$ -           | \$ 897,695        | \$ (4,730,166)        | \$ 358,712        | \$ 22,435,474                |
| <b>Bikes and Pedestrians</b>             |                |  |                      |                |                   |                       |                   |                              |
| CAL92                                    | 581680         | Bicycle Parking at the Border                | 6,787                | -              | 236               | -                     | -                 | 7,023 (k)                    |
| SAN21                                    | 581420         | San Diego Bike Path Design                   | 198,110              | -              | 6,894             | -                     | -                 | 205,004                      |
| SAN21                                    | 581600         | Mission trails bike path study               | 4,297                | -              | 150               | -                     | -                 | 4,447 (k)                    |
| <b>Subtotal SAN21 and CAL92 Projects</b> |                |  | <b>209,194</b>       | <b>-</b>       | <b>7,280</b>      | <b>-</b>              | <b>-</b>          | <b>216,474</b>               |
| SD14                                     | 581270         | State Route 15 bikeway study                 | 169,449              | -              | 5,896             | (112,299)             | -                 | 63,046                       |
| SD108                                    | 285036/58140   | Bayshore bikeway feasibility study (Non CIP) | 28,824               | -              | 1,003             | -                     | -                 | 29,827                       |
| SD112                                    | 580770         | Via de La Valle, Bike Lane                   | 13,966               | -              | 486               | -                     | -                 | 14,452 (m)                   |
| SD114                                    | 581470         | Rose Creek / pedestrian bridge               | 111,202              | -              | 3,870             | -                     | -                 | 115,072 (l)                  |
| SD116                                    | 524210         | Carroll Canyon Rd Bike Path Lane Design      | 33,551               | -              | 1,167             | -                     | -                 | 34,718 (l)                   |
| SD117                                    | 581930         | Adams Ave Bikeway                            | 3,409                | -              | 119               | -                     | -                 | 3,528                        |
| SD119                                    | 581920         | Mira Mesa Blvd Bikeway                       | 24,706               | -              | 860               | -                     | -                 | 25,566                       |
| SD120                                    | 581910         | San Diego River Multi-Use                    | -                    | -              | -                 | 4,181                 | -                 | 4,181 (h)                    |
| SD121                                    | 581880         | Balboa Avenue / Tierrasanta Blvd Bikeway     | 248,517              | -              | 8,648             | -                     | -                 | 257,165                      |
| SD122                                    | 324631/58171   | State Route 56 Bike Path                     | 186,419              | -              | 6,487             | (2,786)               | -                 | 190,120                      |
| SD122                                    | 581760         | Darkwood Canyon Connector Study              | 37,040               | -              | 1,289             | (12,593)              | -                 | 25,736                       |
| <b>Subtotal SD122 Projects</b>           |                |  | <b>223,459</b>       | <b>-</b>       | <b>7,776</b>      | <b>(15,379)</b>       | <b>-</b>          | <b>215,856</b>               |
| SD141                                    | 580890         | Poway Road Bike Path                         | 530,484              | -              | 18,459            | -                     | -                 | 548,943 (k)                  |
| SD143                                    | 581990         | Rancho Bernardo Bikeway                      | 251,200              | -              | 8,741             | (815)                 | -                 | 259,126                      |
| SD144                                    | 581670         | Bicycle Safety and Commuting Education       | 45,106               | -              | 1,570             | 12,513                | -                 | 59,189                       |
| SD144                                    | 582010         | Traffic Safety in Education Program          | 18,734               | -              | 652               | (15,686)              | -                 | 3,700                        |
| <b>Subtotal SD144 Projects</b>           |                |  | <b>63,840</b>        | <b>-</b>       | <b>2,222</b>      | <b>(3,173)</b>        | <b>-</b>          | <b>62,889</b>                |
| SD145                                    | 582020         | Safety in Traffic Education Program          | 10,099               | -              | 351               | (8,880)               | -                 | 1,570                        |
| SD145                                    | 127004         | Prop A bicycle safety education              | 34,069               | -              | 1,186             | -                     | -                 | 35,255                       |
| <b>Subtotal SD145 Projects</b>           |                |  | <b>44,168</b>        | <b>-</b>       | <b>1,537</b>      | <b>(8,880)</b>        | <b>-</b>          | <b>36,825</b>                |
| V02                                      | 581620         | Coastal Rail Trail                           | 109,144              | -              | 3,798             | (81,770)              | -                 | 31,172                       |
| <b>Total Bikes and Pedestrians</b>       |                |  | <b>2,065,113</b>     | <b>-</b>       | <b>71,862</b>     | <b>(218,135)</b>      | <b>-</b>          | <b>1,918,840</b>             |
| <b>Total TransNet</b>                    |                |  | <b>\$ 27,974,347</b> | <b>\$ -</b>    | <b>\$ 969,557</b> | <b>\$ (4,948,301)</b> | <b>\$ 358,712</b> | <b>\$ 24,354,314</b>         |

Notes:

h) Correction of prior year expenditures

k) The project is active, however, has been using non-TransNet funding for over two fiscal years.

l) Project on hold until FY 2011 or pending additional funding.

m) Funds will be returned to SANDAG by June 30, 2010

**City of San Diego**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project, Continued**  
**For the year ended June 30, 2009**

Exhibit A

**TransNet, Continued**

|  |        |   | Project               |                     |                     | Project               |                  |                     |
|--|--------|---|-----------------------|---------------------|---------------------|-----------------------|------------------|---------------------|
|  |        |   | Status                | Funds               | Interest            | Project               | City             | Project             |
| MPO ID   | Number | Project Name                                  | July 1, 2008          | Received            | Income              | Expenditures          | Adjustments      | Status              |
|  |        |   |                       |                     |                     | June 30, 2009         |                  |                     |
| <b>Non-TransNet (Funds covered by 'Other Revenue')</b>       |        |   |                       |                     |                     |                       |                  |                     |
| <b>Additional TransNet activity - Non Project Specific</b>   |        |   |                       |                     |                     |                       |                  |                     |
| Other  |        | Net Change in due from SANDAG                 | (4,860,142)           | -                   | -                   | -                     | 4,860,142        | -                   |
| Other  |        | Other revenues                                | 5,183,813             | 46,450              | -                   | -                     | (5,117,253)      | 113,010 (b)         |
| <b>Total Non Project Specific</b>                            |        |   | <b>323,671</b>        | <b>46,450</b>       | <b>-</b>            | <b>-</b>              | <b>(257,111)</b> | <b>113,010</b>      |
| <b>Streets and Roads</b>                                     |        |   |                       |                     |                     |                       |                  |                     |
| SD10   | 526710 | Ocean Front Walk - San Fernando to Ventura    | (189,583)             | -                   | (6,569)             | 200,000               | (3,848)          | - (b)               |
| SD54   | 526610 | Rigel Street Bridge over Chillas Creek        | -                     | -                   | -                   | (19,175)              | 19,175           | - (b), (f)          |
| SD56   | 525530 | Saturn Blvd.-Palm Ave to Coronado Ave.        | -                     | -                   | -                   | (210)                 | 210              | - (l)               |
| SD75   | 630330 | Jack Murphy Stadium Info                      | -                     | -                   | -                   | (36,968)              | 36,968           | - (b), (f)          |
| SD87   | 151520 | State Route 905 and 125                       | 2,567                 | -                   | 89                  | -                     | -                | 2,656 (c)           |
| SD96   | 590010 | Resurfacing City streets - AA                 | -                     | -                   | -                   | (197,848)             | 197,848          | - (b)               |
| SD102A   | 526821 | Otay Mesa Truck Route                         | (316,281)             | -                   | (10,958)            | (5,441)               | -                | (332,680) (d)       |
| SD107  | 524710 | North Torrey Pines Road at Genessee           | 10,511                | -                   | 364                 | (5,583)               | -                | 5,292 (b)           |
| SD112  | 580770 | Vie De La Valle Bike Lane                     | -                     | -                   | -                   | (6,758)               | 6,758            | - (b), (f)          |
| SD181  | 528050 | Soledad Mtn Road Emergency                    | (3,171,363)           | -                   | (109,880)           | 3,079,052             | -                | (202,191) (c)       |
| <b>Total other Streets and Roads</b>                         |        |   | <b>(3,664,149)</b>    | <b>-</b>            | <b>(126,954)</b>    | <b>3,007,069</b>      | <b>257,111</b>   | <b>(526,923)</b>    |
| <b>Bike and Pedestrian</b>                                   |        |   |                       |                     |                     |                       |                  |                     |
| SD136  | 581560 | Ocean Beach/Hotel Circle North Bikeway Design | (166,123)             | -                   | (5,781)             | -                     | -                | (171,904)           |
| <b>Total other Bike and Pedestrian</b>                       |        |   | <b>(166,123)</b>      | <b>-</b>            | <b>(5,781)</b>      | <b>-</b>              | <b>-</b>         | <b>(171,904)</b>    |
| <b>Total Non-TransNet (Funds covered by 'Other Revenue')</b> |        |   | <b>\$ (3,506,601)</b> | <b>\$ 46,450</b>    | <b>\$ (132,735)</b> | <b>\$ 3,007,069</b>   | <b>\$ -</b>      | <b>\$ (585,817)</b> |
| <b>TransNet Extension</b>                                    |        |   |                       |                     |                     |                       |                  |                     |
| <b>Major Corridor</b>  |        |   |                       |                     |                     |                       |                  |                     |
| SD108  | 581400 | Bayshore Bikeway                              | 3,449,379             | -                   | 78,848              | (2,910,616)           | -                | 617,611             |
| <b>Subtotal Major Corridor</b>                               |        |   | <b>3,449,379</b>      | <b>-</b>            | <b>78,848</b>       | <b>(2,910,616)</b>    | <b>-</b>         | <b>617,611</b>      |
| <b>Local Street Improvements</b>                             |        |   |                       |                     |                     |                       |                  |                     |
| <b>Congestion Relief</b>                                     |        |   |                       |                     |                     |                       |                  |                     |
| SD01   | 527130 | Alvarado Road Realignment                     | -                     | 100,000             | 1,859               | (33,030)              | -                | 68,829              |
| SD06   | 525920 | Aldrine Drive Slope Reconstruction            | -                     | 1,825,000           | 33,927              | -                     | -                | 1,858,927           |
| SD09   | 927150 | Groveland Street Sidewalk                     | -                     | 350,000             | 6,506               | (9,158)               | (19,170)         | 328,178             |
| SD09   | 927150 | Genessee Ave @ Marlesta Dr Sidewalk           | -                     | -                   | -                   | (1,170)               | 1,170            | -                   |
| SD09   | 927150 | 49th St & Elm St Sidewalk                     | -                     | -                   | -                   | (18,000)              | 18,000           | -                   |
| SD09   | 927150 | No. & So. Side ridgehave Ct. Sidewalk         | -                     | -                   | -                   | (5,365)               | -                | (5,365)             |
| <b>Subtotal SD09 Projects</b>                                |        |   | <b>-</b>              | <b>350,000</b>      | <b>6,506</b>        | <b>(33,693)</b>       | <b>-</b>         | <b>322,813</b>      |
| SD14   | 581270 | SR 15 Bikeway                                 | -                     | 40,000              | 744                 | (213)                 | -                | 40,531              |
| SD15   | 522930 | Street Lights -Smart Growth Areas             | -                     | 311,000             | 5,781               | -                     | -                | 316,781             |
| <b>Subtotal Congestion Relief</b>                            |        |   | <b>-</b>              | <b>2,626,000</b>    | <b>48,817</b>       | <b>(66,936)</b>       | <b>-</b>         | <b>2,607,881</b>    |
| <b>Subtotal TransNet Extension</b>                           |        |   | <b>\$ 3,449,379</b>   | <b>\$ 2,626,000</b> | <b>\$ 127,665</b>   | <b>\$ (2,977,552)</b> | <b>\$ -</b>      | <b>\$ 3,225,492</b> |

**Notes:**

- b) Clean-up activity from other revenue to cover Grant reimbursements and deficits.
- c) Project will be funded by Federal Grant
- d) Project will be funded by a State Grant
- i) City Project completed
- l) Project on hold until FY 2011 or pending additional funding

**City of San Diego**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project, Continued**  
**For the year ended June 30, 2009**

Exhibit A

*TransNet Extension, Continued*

|  |        |  | Project      |              |            | Project        |              |               |
|--|--------|--|--------------|--------------|------------|----------------|--------------|---------------|
|  |        |  | Status       | Funds        | Interest   | Project        | City         | Project       |
| MPO ID   | Number | Project Name   | July 1, 2008 | Received     | Income     | Expenditures   | Adjustments  | June 30, 2009 |
| <b>TransNet Extension subtotal carried forward</b> |        |  | \$ 3,449,379 | \$ 2,626,000 | \$ 127,665 | \$ (2,977,552) | \$ -         | \$ 3,225,492  |
| <b>Local Street Improvements</b>                   |        |  |              |              |            |                |              |               |
| <i>Congestion Relief</i>                           |        |  |              |              |            |                |              |               |
| SD16A  | 623310 | Traffic Signal Interconnect Projects                 | -            | 100,000      | 1,859      | (35)           | -            | 101,824       |
| SD16A  | 630020 | Traffic Signals - Replace Obsolete Controllers       | -            | 75,000       | 1,394      | -              | -            | 76,394        |
| SD16A  | 680010 | Cooperative Signal Project                           | -            | 200,000      | 3,718      | -              | -            | 203,718       |
| SD16A  | 680100 | Cedar St & Front Street Traffic Signals              | -            | 415,000      | 7,715      | (22,000)       | -            | 400,715       |
| SD16A  | 680100 | Palm Ave & Firehorn St. Traffic Signals              | -            | -            | -          | (3,651)        | 3,651        | -             |
| SD16A  | 680100 | 47th St and T St Traffic Signals                     | -            | -            | -          | (59)           | 59           | -             |
| SD16A  | 680110 | Traffic Signals - Modification/Modernization         | -            | 700,000      | 13,013     | (70,625)       | (58,809)     | 583,579       |
| SD16A  | 680100 | Flashing Beacon El Camino Real Torrey Reserve        | -            | -            | -          | (38,059)       | 38,059       | -             |
| SD16A  | 680100 | Flashing Beacon El Camino Real Torrey Reserve        | -            | -            | -          | (7,941)        | 7,941        | -             |
| SD16A  | 680100 | 31st St & Imperial Ave Traffic Signal                | -            | -            | -          | (7,145)        | 7,145        | -             |
| SD16A  | 680110 | Mission Blvd & Ventura Pl Traffic Signal             | -            | -            | -          | (1,954)        | 1,954        | -             |
| <b>Subtotal SD16A Projects</b>                     |        |  | -            | 1,490,000    | 27,699     | (151,469)      | -            | 1,366,230     |
| SD18   | 610010 | Traffic /Calming Measures-Smart Growth Areas         | -            | 200,000      | 3,718      | (9,161)        | -            | 194,557       |
| SD19   | 525880 | Streamview   | -            | 180,000      | 3,346      | -              | -            | 183,346       |
| SD23   | 130050 | Z St Natural Storm Drain                             | -            | 477,000      | 8,867      | (1,749)        | (20,000)     | 464,118       |
| SD23   | 130050 | Adams Ave & 42nd St Storm Drain                      | -            | -            | -          | (10,000)       | 10,000       | -             |
| SD23   | 130050 | Rowena St Pipeline                                   | -            | -            | -          | (10,000)       | 10,000       | -             |
| <b>Subtotal SD23 Projects</b>                      |        |  | -            | 477,000      | 8,867      | (21,749)       | -            | 464,118       |
| SD31   | 525170 | Carmel Valley Road                                   | -            | 120,000      | 2,231      | (57,384)       | (132,108)    | (67,261) (n)  |
| SD32   | 523920 | Carroll Cnyn Rd Sorrento Valley Rd to I-805          | -            | -            | -          | (916,807)      | -            | (916,807) (e) |
| SD34   | 524790 | El Camino Real Road and Bridge Widening              | -            | 300,000      | 5,577      | (209,718)      | -            | 95,859        |
| SD38   | 525550 | George St Bridge & University Ave                    | -            | -            | -          | (40,669)       | -            | (40,669) (e)  |
| SD49   | 528080 | Median Installation                                  | -            | 300,000      | 5,577      | (4,163)        | -            | 301,414       |
| SD51   | 530500 | N.Torrey Pines Rd. Bridge over Los Penasquitos Creek | -            | 50,000       | 929        | (33,471)       | (56,485)     | (39,027) (n)  |
| SD70   | 526430 | West Mission Bay Drive Bridge over San Diego River   | -            | 100,000      | 1,859      | (5,783)        | -            | 96,076        |
| SD83   | 524550 | State Route 163 and Friars Road, Phase 1             | -            | 2,000,000    | 37,180     | -              | -            | 2,037,180     |
| SD86   | 121520 | Famosa Slough Salt Marsh Restoration                 | -            | 24,000       | 446        | (16,299)       | (9,762)      | (1,615) (n)   |
| SD90   | 527450 | Clairmont Mesa/SR163                                 | -            | 1,000,000    | 18,590     | (40,951)       | -            | 977,639       |
| <b>Subtotal Congestion Relief</b>                  |        |  | -            | 6,241,000    | 116,019    | (1,507,624)    | (198,355)    | 4,651,040     |
| <b>Subtotal TransNet Extension</b>                 |        |  | \$ 3,449,379 | \$ 8,867,000 | \$ 243,684 | \$ (4,485,176) | \$ (198,355) | \$ 7,876,532  |

Notes:

e) The City will request funding in FY 2011 (when drawdown is permitted)

n) Transfer expenditures between *TransNet*- Streets and Road and *TransNet* Extension-Local Street Improvements-Congestion Relief within same project.

**City of San Diego**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project, Continued**  
**For the year ended June 30, 2009**

Exhibit A

*TransNet Extension, Continued*

| MPO ID   | Project Number | Project Name  | Project      |               |            | Project        |              | Project Status |
|--|----------------|---|--------------|---------------|------------|----------------|--------------|----------------|
|  |                |   | Status       | Funds         | Interest   | Project        | City         |                |
|  |                |   | July 1, 2008 | Received      | Income     | Expenditures   | Adjustments  | June 30, 2009  |
| <b>TransNet Extension subtotal carried forward</b> |                |   | \$ 3,449,379 | \$ 8,867,000  | \$ 243,684 | \$ (4,485,176) | \$ (198,355) | \$ 7,876,532   |
| <b>Local Street Improvements</b>                   |                |   |              |               |            |                |              |                |
| <b>Congestion Relief</b>                           |                |   |              |               |            |                |              |                |
| SD92   | 392070         | El Cajon Blvd. Revitalization Texas to Illinois     | -            | -             | -          | -              | (30,353)     | (30,353) (n)   |
| SD92   | 392320         | Mid-City Transit Gateway                            | -            | -             | -          | -              | (39,415)     | (39,415) (n)   |
| SD92   | 392160         | Washington/Goldfinch Intersection Improvements      | -            | -             | -          | (17,162)       | (72,838)     | (90,000) (n)   |
| SD92   | 390860         | Azalea Park Roadway Improv. & Neighborhood ID       | -            | 150,000       | 2,788      | (15,765)       | (17,162)     | 119,861        |
| <b>Subtotal SD92 Projects</b>                      |                |   | -            | 150,000       | 2,788      | (32,927)       | (159,768)    | (39,907)       |
| SD97   | 680170         | School Traffic Safety Improvements                  | -            | 329,900       | 6,133      | (15,791)       | -            | 320,242        |
| SD99   | 525190         | Bridge Rehab. - Barnett Ave over Pacific Highway    | -            | 100,000       | 1,859      | (31,203)       | -            | 70,656         |
| SD99   | 525190         | Bridge Rehabilitation - Morena Blvd Bridge          | -            | -             | -          | (797)          | -            | (797)          |
| <b>Subtotal SD99 Projects</b>                      |                |   | -            | 100,000       | 1,859      | (32,000)       | -            | 69,859         |
| SD120  | 581910         | San Diego River Multi-Use Bicycle & Pedestrian Path | -            | 320,000       | 5,949      | (203,924)      | (589)        | 121,436 (n)    |
| SD127  | 540120         | Shoal Creek Pedestrian Bridge                       | -            | 30,000        | 558        | (30,000)       | -            | 558            |
| SD129  | 527660         | University Ave Mobility Project                     | -            | 200,000       | 3,718      | (28,775)       | -            | 174,943        |
| SD130  | 527630         | Skyline Drive Improvement from Sears Ave to 58th St | -            | -             | -          | (117,603)      | -            | (117,603) (f)  |
| SD132  | 527170         | Bird Rock Coastal Traffic Flow Improvements         | -            | -             | -          | (682,350)      | -            | (682,350) (o)  |
| SD133  | 526760         | Mira Sorrento Place (Biological Monitoring)         | -            | 60,000        | 1,115      | -              | -            | 61,115         |
| SD137  | 527640         | Palm Avenue Roadway Improvements                    | -            | 269,000       | 5,001      | (38,122)       | -            | 235,879        |
| SD139  | 530610         | Laurel Street (Cabrillo) Bridge over Highway 163    | -            | 50,000        | 929        | -              | -            | 50,929         |
| SD153  | 623320         | 25th Street Renaissance Project                     | -            | 200,000       | 3,718      | (26,280)       | -            | 177,438        |
| SD156  | 527740         | 34th & 35th at Madison Improvements                 | -            | 120,000       | 2,231      | -              | -            | 122,231        |
| SD157  | 527730         | Cherokee Street Improvements                        | -            | 70,000        | 1,301      | -              | -            | 71,301         |
| SD161  | 590230         | Five Year CIP Programming                           | -            | 575,956       | 10,707     | -              | -            | 586,663        |
| SD163  | 527760         | Prospect/Silverado Roundabout                       | -            | 770,000       | 14,314     | -              | -            | 784,314        |
| SD166  | 582040         | Minor Bicycle Facilities                            | -            | 15,000        | 279        | (1,998)        | -            | 13,281         |
| SD175  | 135010         | Talbot Street Slope Reconstruction                  | -            | -             | -          | (25,452)       | -            | (25,452) (f)   |
| SD178  | 526960         | Pershing Dr./Redwood Street                         | -            | -             | -          | (107,156)      | -            | (107,156) (f)  |
| SD179  | 527540         | Linda Vista Road and Genesee Avenue                 | -            | 70,000        | 1,301      | -              | -            | 71,301         |
| SD180  | 528100         | Hollister St Widening                               | -            | 200,000       | 3,718      | (2,068)        | -            | 201,650        |
| SD188  | 002150         | Congestion Relief/Traffic Signal operations         | -            | 1,368,700     | 25,444     | (2,031,579)    | -            | (637,435) (f)  |
| <b>Subtotal Congestion Relief</b>                  |                |   | -            | 4,898,556     | 91,063     | (3,376,025)    | (160,357)    | 1,433,237      |
| <b>Subtotal TransNet Extension</b>                 |                |   | \$ 3,449,379 | \$ 13,765,556 | \$ 334,747 | \$ (7,861,201) | \$ (358,712) | \$ 9,329,769   |

Notes:

- f) Funds programmed for project in FY09 deferred due to finding 2008-01 (30% Rule Threshold)
- n) Transfer expenditures between *TransNet*- Streets and Road and *TransNet* Extension-Local Street Improvements-Congestion Relief within same project.
- o) The City will request RTIP amendment for City Council Resolution to transfer funds between projects.

**City of San Diego**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project, Continued**  
**For the year ended June 30, 2009**

Exhibit A

*TransNet Extension, Continued*

| Project  |        |                                       | Project       |               |              | Project         |              |                 |
|--|--------|---------------------------------------|---------------|---------------|--------------|-----------------|--------------|-----------------|
| MPO ID   | Number | Project Name                          | Status        | Funds         | Interest     | Project         | City         | Status          |
|  |        |                                       | July 1, 2008  | Received      | Income       | Expenditures    | Adjustments  | June 30, 2009   |
| <i>TransNet Extension subtotal carried forward</i>         |        |                                       | \$ 3,449,379  | \$ 13,765,556 | \$ 334,747   | \$ (7,861,201)  | \$ (358,712) | \$ 9,329,769    |
| <b>Local Street Improvements</b>                           |        |                                       |               |               |              |                 |              |                 |
| <i>Congestion Relief</i>                                   |        |                                       |               |               |              |                 |              |                 |
| SD186  | 002150 | Administrative Expenses - Engineering | -             | 86,508        | (1,561)      | (172,525)       | -            | (87,578) (f)    |
| SD186  |        | Administrative Expenses - Controllers | -             | -             | -            | (101,983)       | -            | (101,983) (f)   |
| <b>Subtotal SD186 Projects</b>                             |        |                                       | -             | 86,508        | (1,561)      | (274,508)       | -            | (189,561)       |
| <b>Subtotal Congestion Relief</b>                          |        |                                       | -             | 13,852,064    | 254,338      | (5,225,093)     | (358,712)    | 8,522,597       |
| <i>Maintenance</i>   |        |                                       |               |               |              |                 |              |                 |
| SD176  | 002500 | Maintenance                           | -             | 6,217,439     | 16,466       | (7,616,491)     | -            | (1,382,586) (f) |
| <b>Subtotal Maintenance</b>                                |        |                                       | -             | 6,217,439     | 16,466       | (7,616,491)     | -            | (1,382,586)     |
| <b>Total Local Street Improvements</b>                     |        |                                       | -             | 20,069,503    | 270,804      | (12,841,584)    | (358,712)    | 7,140,011       |
| <b>Total TransNet Extension</b>                            |        |                                       | 3,449,379     | 20,069,503    | 349,652      | (15,752,200)    | (358,712)    | 7,757,622       |
| <b>Total TransNet, TransNet Extension and Non-TransNet</b> |        |                                       | \$ 27,917,125 | \$ 20,115,953 | \$ 1,186,474 | \$ (17,693,432) | \$ -         | \$ 31,526,119   |

Notes:

f) Funds programmed for project in FY09 deferred due to finding 2008-01 (30% Rule Threshold)

TransNet Extension Activities

Schedule B - Cumulative Schedule of Status of Funds by Project

For the year ended June 30, 2009

| <i>TransNet Extension</i>          |                |  |                     |                   |                       |             |                     |
|------------------------------------|----------------|--|---------------------|-------------------|-----------------------|-------------|---------------------|
|                                    |                |  | Funds               | Interest          | Project               | City        | Status              |
| MPO ID                             | Project Number | Project Name                                   | Received            | Income            | Expenditures          | Adjustments | June 30, 2009       |
| <i>Major Corridor</i>              |                |  |                     |                   |                       |             |                     |
| SD108                              | 581400         | Bayshore Bikeway                               | \$ 3,774,000        | \$ 228,729        | \$ (3,385,118)        | \$ -        | \$ 617,611          |
| <b>Total Major Corridor</b>        |                |  | <b>3,774,000</b>    | <b>228,729</b>    | <b>(3,385,118)</b>    | <b>-</b>    | <b>617,611</b>      |
| <i>Local Street Improvements</i>   |                |  |                     |                   |                       |             |                     |
| <i>Congestion Relief</i>           |                |  |                     |                   |                       |             |                     |
| SD01                               | 527130         | Alvarado Road Realignment                      | 100,000             | 1,859             | (33,030)              | -           | 68,829              |
| SD06                               | 525920         | Aldrine Drive Slope Reconstruction             | 1,825,000           | 33,927            | -                     | -           | 1,858,927           |
| SD09                               | 927150         | Groveland Street Sidewalk                      | 350,000             | 6,506             | (9,158)               | (24,535)    | 322,813             |
| SD09                               | 927150         | Genessee Ave @ Marlesta Dr Sidewalk            | -                   | -                 | (1,170)               | 1,170       | -                   |
| SD09                               | 927150         | 49th St & Elm St Sidewalk                      | -                   | -                 | (18,000)              | 18,000      | -                   |
| SD09                               | 927150         | No. & So. Side ridgehave Ct. Sidewalk          | -                   | -                 | (5,365)               | 5,365       | -                   |
| <b>Subtotal SD09 Projects</b>      |                |  | <b>350,000</b>      | <b>6,506</b>      | <b>(33,693)</b>       | <b>-</b>    | <b>322,813</b>      |
| SD14                               | 581270         | SR 15 Bikeway                                  | 40,000              | 744               | (213)                 | -           | 40,531              |
| SD15                               | 522930         | Street Lights -Smart Growth Areas              | 311,000             | 5,781             | -                     | -           | 316,781             |
| SD16A                              | 623310         | Traffic Signal Interconnect Projects           | 100,000             | 1,859             | (35)                  | -           | 101,824             |
| SD16A                              | 630020         | Traffic Signals - Replace Obsolete Controllers | 75,000              | 1,394             | -                     | -           | 76,394              |
| SD16A                              | 680010         | Cooperative Signal Project                     | 200,000             | 3,718             | -                     | -           | 203,718             |
| SD16A                              | 680100         | Cedar St & Front Street Traffic Signals        | 415,000             | 7,715             | (22,000)              | -           | 400,715             |
| SD16A                              | 680100         | Palm Ave & Firehorn St. Traffic Signals        | -                   | -                 | (3,651)               | 3,651       | -                   |
| SD16A                              | 680100         | 47th St and T St Traffic Signals               | -                   | -                 | (59)                  | 59          | -                   |
| SD16A                              | 680110         | Traffic Signals - Modification/Modernization   | 700,000             | 13,013            | (70,625)              | (58,809)    | 583,580             |
| SD16A                              | 680100         | Flashing Beacon El Camino Real Torrey Reserve  | -                   | -                 | (38,059)              | 38,059      | -                   |
| SD16A                              | 680100         | Flashing Beacon El Camino Real Torrey Reserve  | -                   | -                 | (7,941)               | 7,941       | -                   |
| SD16A                              | 680100         | 31st St & Imperial Ave Traffic Signal          | -                   | -                 | (7,145)               | 7,145       | -                   |
| SD16A                              | 680110         | Mission Blvd & Ventura Pl Traffic Signal       | -                   | -                 | (1,954)               | 1,954       | -                   |
| <b>Subtotal SD16A Projects</b>     |                |  | <b>1,490,000</b>    | <b>27,699</b>     | <b>(151,469)</b>      | <b>-</b>    | <b>1,366,230</b>    |
| SD18                               | 610010         | Traffic Control-Smart Growth Areas             | 200,000             | 3,718             | (9,161)               | -           | 194,557             |
| SD19                               | 525880         | Streamview                                     | 180,000             | 3,346             | -                     | -           | 183,346             |
| SD23                               | 130050         | Z St Natural Storm Drain                       | 477,000             | 8,867             | (1,749)               | (20,000)    | 464,118             |
| SD23                               | 130050         | Adams Ave & 42nd St Storm Drain                | -                   | -                 | (10,000)              | 10,000      | -                   |
| SD23                               | 130050         | Rowena St Pipeline                             | -                   | -                 | (10,000)              | 10,000      | -                   |
| <b>Subtotal SD23 Projects</b>      |                |  | <b>477,000</b>      | <b>8,867</b>      | <b>(21,749)</b>       | <b>-</b>    | <b>464,118</b>      |
| <b>Subtotal Congestion Relief</b>  |                |  | <b>4,973,000</b>    | <b>92,447</b>     | <b>(249,315)</b>      | <b>-</b>    | <b>4,816,132</b>    |
| <b>Subtotal TransNet Extension</b> |                |  | <b>\$ 8,747,000</b> | <b>\$ 321,176</b> | <b>\$ (3,634,433)</b> | <b>\$ -</b> | <b>\$ 5,433,743</b> |

TransNet Extension Activities

Schedule B - Cumulative Schedule of Status of Funds by Project

For the year ended June 30, 2009

TransNet Extension, Continued

| Project  |        | Funds  | Interest      | Project    | City           | Status       |               |
|--|--------|--|---------------|------------|----------------|--------------|---------------|
| MPO ID   | Number | Project Name   | Received      | Income     | Expenditures   | Adjustments  | June 30, 2009 |
| <i>TransNet Extension subtotal carried forward</i> |        |  | \$ 8,747,000  | \$ 321,176 | \$ (3,634,433) | \$ -         | \$ 5,433,743  |
| <b>Local Street Improvements</b>                   |        |  |               |            |                |              |               |
| <i>Congestion Relief</i>                           |        |  |               |            |                |              |               |
| SD31   | 525170 | Carmel Valley Road                                       | 120,000       | 2,231      | (57,384)       | (132,108)    | (67,261)      |
| SD32   | 523920 | Carroll Cnyn Rd Sorrento Valley Rd to I-805              | -             | -          | (916,807)      | -            | (916,807)     |
| SD34   | 524790 | El Camino Real Road and Bridge Widening                  | 300,000       | 5,577      | (209,718)      | -            | 95,859        |
| SD38   | 525550 | George St Bridge & University Ave                        | -             | -          | (40,669)       | -            | (40,669)      |
| SD49   | 528080 | Median Installation                                      | 300,000       | 5,577      | (4,163)        | -            | 301,414       |
| SD51   | 530500 | N. Torrey Pines Rd. Bridge over Los Penasquitos Creek    | 50,000        | 929        | (33,471)       | (56,485)     | (39,027)      |
| SD70   | 526430 | West Mission Bay Drive Bridge over San Diego River       | 100,000       | 1,859      | (5,783)        | -            | 96,076        |
| SD83   | 524550 | State Route 163 and Friars Road, Phase 1                 | 2,000,000     | 37,180     | -              | -            | 2,037,180     |
| SD86   | 121520 | Famosa Slough Salt Marsh Restoration                     | 24,000        | 446        | (16,299)       | (9,762)      | (1,615)       |
| SD90   | 527450 | Clairmont Mesa/SR163                                     | 1,000,000     | 18,590     | (40,951)       | -            | 977,639       |
| SD92   | 392070 | El Cajon Blvd. Revitalization Texas to Illinois          | -             | -          | -              | (30,353)     | (30,353)      |
| SD92   | 392320 | Mid-City Transit Gateway                                 | -             | -          | -              | (39,415)     | (39,415)      |
| SD92   | 392160 | Washington/Goldfinch Intersection Improvements           | -             | -          | (17,162)       | (72,838)     | (90,000)      |
| SD92   | 390860 | Azalea Park Roadway Improv. & Neighborhood ID            | 150,000       | 2,788      | (15,765)       | (17,162)     | 119,861       |
| <b>Subtotal SD92 Projects</b>                      |        |  | 150,000       | 2,788      | (32,927)       | (159,768)    | (39,907)      |
| SD97   | 680170 | School Traffic Safety Improvements                       | 329,900       | 6,133      | (15,791)       | -            | 320,242       |
| SD99   | 525190 | Bridge Rehabilitation - Barnett Ave over Pacific Highway | 100,000       | 1,859      | (31,203)       | -            | 70,656        |
| SD99   | 525190 | Bridge Rehabilitation - Morena Blvd Bridge               | -             | -          | (797)          | -            | (797)         |
| <b>Subtotal SD99 Projects</b>                      |        |  | 100,000       | 1,859      | (32,000)       | -            | 69,859        |
| SD120  | 581910 | San Diego River Multi-Use Bicycle & Pedestrian Path      | 320,000       | 5,949      | (203,924)      | (589)        | 121,436       |
| SD127  | 540120 | Shoal Creek Pedestrian Bridge                            | 30,000        | 558        | (30,000)       | -            | 558           |
| SD129  | 527660 | University Ave Mobility Project                          | 200,000       | 3,718      | (28,775)       | -            | 174,943       |
| SD130  | 527630 | Skyline Drive Improvement from Sears Ave to 58th St      | -             | -          | (117,603)      | -            | (117,603)     |
| SD132  | 527170 | Bird Rock Coastal Traffic Flow Improvements              | -             | -          | (682,350)      | -            | (682,350)     |
| SD133  | 526760 | Mira Sorrento Place (Biological Monitoring)              | 60,000        | 1,115      | -              | -            | 61,115        |
| SD137  | 527640 | Palm Avenue Roadway Improvements                         | 269,000       | 5,001      | (38,122)       | -            | 235,879       |
| SD139  | 530610 | Laurel Street (Cabrillo) Bridge over Highway 163         | 50,000        | 929        | -              | -            | 50,929        |
| SD153  | 623320 | 25th Street Renaissance Project                          | 200,000       | 3,718      | (26,280)       | -            | 177,438       |
| <b>Subtotal Congestion Relief</b>                  |        |  | 5,602,900     | 104,157    | (2,533,017)    | (358,712)    | 2,815,328     |
| <b>Subtotal TransNet Extension</b>                 |        |  | \$ 14,349,900 | \$ 425,333 | \$ (6,167,450) | \$ (358,712) | \$ 8,249,071  |

TransNet Extension Activities

Schedule B - Cumulative Schedule of Status of Funds by Project, Continued

For the year ended June 30, 2009

| <i>TransNet Extension, Continued</i>               |        |   |                      |                   |                        |                     |                     |
|--|--------|---|----------------------|-------------------|------------------------|---------------------|---------------------|
| Project  |        |   | Funds                | Interest          | Project                | City                | Status              |
| MPO ID   | Number | Project Name                                | Received             | Income            | Expenditures           | Adjustments         | June 30, 2009       |
| <i>TransNet Extension subtotal carried forward</i> |        |   | \$ 14,349,900        | \$ 425,333        | \$ (6,167,450)         | \$ (358,712)        | \$ 8,249,071        |
| <b>Local Street Improvements</b>                   |        |   |                      |                   |                        |                     |                     |
| <i>Congestion Relief</i>                           |        |   |                      |                   |                        |                     |                     |
| SD156  | 527740 | 34th & 35th at Madison Improvements         | 120,000              | 2,231             | -                      | -                   | 122,231             |
| SD157  | 527730 | Cherokee Street Improvements                | 70,000               | 1,301             | -                      | -                   | 71,301              |
| SD161  | 590230 | Five Year CIP Programming                   | 575,956              | 10,707            | -                      | -                   | 586,663             |
| SD163  | 527760 | Prospect/Silverado Roundabout               | 770,000              | 14,314            | -                      | -                   | 784,314             |
| SD166  | 582040 | Minor Bicycle Facilities                    | 15,000               | 279               | (1,998)                | -                   | 13,281              |
| SD175  | 135010 | Talbot Street Slope Reconstruction          | -                    | -                 | (25,452)               | -                   | (25,452)            |
| SD178  | 526960 | Pershing/Redwood Drive Improvements         | -                    | -                 | (107,156)              | -                   | (107,156)           |
| SD179  | 527540 | Linda Vista Road and Genesee Avenue         | 70,000               | 1,301             | -                      | -                   | 71,301              |
| SD180  | 528100 | Hollister St Widening                       | 200,000              | 3,718             | (2,068)                | -                   | 201,650             |
| SD188  | 002150 | Congestion Relief/Traffic Signal operations | 1,368,700            | 25,444            | (2,031,579)            | -                   | (637,435)           |
| SD186  | 002150 | Administrative Expenses - Engineering       | 86,508               | (1,561)           | (172,525)              | -                   | (87,578)            |
| SD186  |        | Administrative Expenses - Controllers       | -                    | -                 | (101,983)              | -                   | (101,983)           |
| <b>Subtotal SD186 Projects</b>                     |        |   | <u>86,508</u>        | <u>(1,561)</u>    | <u>(274,508)</u>       | <u>-</u>            | <u>(189,561)</u>    |
| <b>Subtotal Congestion Relief</b>                  |        |   | <u>13,852,064</u>    | <u>254,338</u>    | <u>(5,225,093)</u>     | <u>(358,712)</u>    | <u>8,522,597</u>    |
| <i>Maintenance</i>                                 |        |   |                      |                   |                        |                     |                     |
| SD176  | 002500 | Maintenance                                 | 6,217,439            | 16,466            | (7,616,491)            | -                   | (1,382,586)         |
| <b>Subtotal Maintenance</b>                        |        |   | <u>6,217,439</u>     | <u>16,466</u>     | <u>(7,616,491)</u>     | <u>-</u>            | <u>(1,382,586)</u>  |
| <b>Total Local Street Improvements</b>             |        |   | <u>20,069,503</u>    | <u>270,804</u>    | <u>(12,841,584)</u>    | <u>(358,712)</u>    | <u>7,140,011</u>    |
| <b>Total TransNet Extension</b>                    |        |   | <u>\$ 23,843,503</u> | <u>\$ 499,533</u> | <u>\$ (16,226,702)</u> | <u>\$ (358,712)</u> | <u>\$ 7,757,622</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.

City of San Diego  
 RTCIP Fund  
 For the year ended June 30, 2009

Exhibit C

RTCIP

| Project Name                            | Project<br>Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|---|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                              | \$ 562,279        | \$ 9,718           | \$ -                    | \$ -                | \$ 571,997                         |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                       | <b>\$ 562,279</b> | <b>\$ 9,718</b>    | <b>\$ -</b>             | <b>\$ -</b>         | <b>\$ 571,997</b>                  |

**City of San Diego**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

Exhibit D

**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |               |
|--|---------------|
| 2009 Apportionment                     | \$ 25,743,899 |
| Less: debt service payment             | -             |
| Net Estimated Apportionment            | 25,743,899    |
| 30% base                               | 30%           |
| FY 2009 30% Threshold                  | 7,723,170     |
| Fund Balance per Schedule A            | 27,169,220    |
| Excess Fund Balance Over Apportionment | \$ 19,446,050 |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's Response**

The City budgets *TransNet* estimated revenue into projects based on anticipated schedule of encumbrances available for the contractual obligation as opposed to being on the basis of cash expenditures. CIP projects are multi-year in nature and are not confined to fiscal years. Full funding must be available prior to contractual obligations. *TransNet* funded projects are not typically phase-funded for obligations funded in a future fiscal year; therefore, projects' funding may be required to be carried forward annually. Furthermore, projects are often budgeted to rely on more funding sources than just *TransNet*, such as; grant sources, Federal Funds, State funds, and other local funds. Delays in obtaining some of the other sources of cash for completing their funding caused some delay in encumbering some of the *TransNet* despite expectations on the schedules for obtaining those sources of funding. Some projects have been delayed due to environmental issues as well as the re-scoping of some projects. Bids have also been coming in much lower than anticipated.

The City continues to execute projects as anticipated in the RTIP as previously delayed projects are able to complete project funding by encumbering other funding sources. The City's excess balance of *TransNet* funds will continue to decrease as projects move forward since the City is not drawing down any funds and will not draw down funds until the City's *TransNet* balance is below the 30% threshold amount. The City is not planning on drawing down any *TransNet* funds until the 30% threshold is met. The City anticipates spending enough to be in compliance with the 30% threshold by early Fiscal Year 2011.

# City of San Marcos

San Marcos, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of San Marcos**

***TransNet Fund***

**Table of Contents**

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|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report.....</b>                            | <b>1</b>    |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. Schedule of RTCIP Funds.....  | 10          |
| D. Schedule of Findings and Recommendations .....                      | 11          |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of San Marcos, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                          |
|--|--------------------------|
| 2009 Apportionment                       | \$ 1,639,828             |
| Less: debt service payment               | -                        |
| Net Estimated Apportionment              | <u>1,639,828</u>         |
| 30% base                                 | 30%                      |
| FY 2009 30% Threshold                    | <u>491,948</u>           |
| Streets and Roads Balance per Schedule A | <u>941,770</u>           |
| Excess Fund Balance Over Apportionment   | <u><u>\$ 449,822</u></u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$449,822.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, Procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- a. Obtained the current MOE requirements for the City from SANDAG.
  - b. Obtained Schedule 3 of the Annual Street Report from the City.
  - c. Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - d. Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                          |
|---|--------------------------|
| Current year local discretionary expenditures on streets and roads              | \$ 5,348,874             |
| Less: Maintenance of effort base  | <u>(4,803,743)</u>       |
| Excess (deficit) of current year local discretionary expenditures over MOE base | <u><u>\$ 545,131</u></u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |
|---|---------------|---------------|-------------|
|   | 2009          | 2006          | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 52,025,886 | \$ 53,596,736 | 0.97 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |              |
|---------------------------------------|--------------|
| Previously approved MOE base          | \$ 4,803,743 |
| Growth rate                           | 0.90         |
| Adjusted MOE base as of June 30, 2009 | \$ 4,323,369 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.  
a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

- i. Reviewed that the City is using the most current approved fee amount.
- ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."
- iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.
- iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness
- v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule and in 2009 the same finding existed. Therefore, the finding on the 30% rule and the specific recommendation were not adequately addressed by the City.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carlson*

San Diego, California  
January 21, 2010

City of San Marcos

Exhibit A

TransNet and TransNet Extension Activities

Schedule A - Schedule of Status of Funds by Project

For the year ended June 30, 2009

|  |                |   | Project             | Funds               | Interest         | Project               | City        | Project              |
|--|----------------|---|---------------------|---------------------|------------------|-----------------------|-------------|----------------------|
| MPO ID                                       | Project Number | Project Name  | Status July 1, 2008 | Received            | Income           | Expenditures          | Adjustments | Status June 30, 2009 |
| <b>TransNet</b>                              |                |   |                     |                     |                  |                       |             |                      |
| <b>Streets and Roads</b>                     |                |   |                     |                     |                  |                       |             |                      |
| SM23   | 8163           | Barham Drive Widening                               | \$ 914,580          | \$ -                | \$ 16,169        | (930,749)             | \$ -        | \$ -                 |
| SM24   | 8005           | Woodland Parkway Interchange Improvements           | -                   | 600,000             | 5,066            | (450,321)             | -           | 154,745              |
| SM36   | 8213           | Rock Springs-Richland/Woodland                      | -                   | -                   | -                | (84,072)              | 84,072      | - (a)                |
| SM28   | 8198           | Twin Oaks Valley Rd. Street Widening & Improvements | -                   | 764,000             | 6,630            | (57,230)              | (84,072)    | 629,328              |
|  |                | Melrose to Camino del Arroyo                        | 187,402             | -                   | -                | -                     | (187,402)   | - (b)                |
| SM30   | 8205           | San Marcos Blvd. Street Improvement Project         | -                   | -                   | 1,583            | (68,458)              | 187,402     | 120,527              |
| <b>Total Streets and Roads</b>               |                |   | <b>1,101,982</b>    | <b>1,364,000</b>    | <b>29,448</b>    | <b>(1,590,830)</b>    | <b>-</b>    | <b>904,600</b>       |
| <b>Bikes and Pedestrians</b>                 |                |   |                     |                     |                  |                       |             |                      |
| V01  | 8162           | Bike Path/Rail Trail phase II                       | 132,414             | -                   | 1,118            | (73,383)              | -           | 60,149               |
| <b>Total Bikes and Pedestrians</b>           |                |   | <b>132,414</b>      | <b>-</b>            | <b>1,118</b>     | <b>(73,383)</b>       | <b>-</b>    | <b>60,149</b>        |
| <b>Total TransNet</b>                        |                |   | <b>\$ 1,234,396</b> | <b>\$ 1,364,000</b> | <b>\$ 30,566</b> | <b>\$ (1,664,213)</b> | <b>\$ -</b> | <b>\$ 964,749</b>    |
| <b>TransNet Extension</b>                    |                |   |                     |                     |                  |                       |             |                      |
| <b>Local Street Improvements</b>             |                |   |                     |                     |                  |                       |             |                      |
| <b>Congestion Relief</b>                     |                |   |                     |                     |                  |                       |             |                      |
| SM23   | 8163           | Barham Drive Widening                               | -                   | 1,000,000           | -                | (983,830)             | -           | 16,170               |
| SM28   | 8198           | Twin Oaks Valley Rd. Street Widening & Improvements | -                   | 21,000              | -                | -                     | -           | 21,000               |
| <b>Subtotal Congestion Relief</b>            |                |   | <b>-</b>            | <b>1,021,000</b>    | <b>-</b>         | <b>(983,830)</b>      | <b>-</b>    | <b>37,170</b>        |
| <b>Total TransNet Extension</b>              |                |   | <b>-</b>            | <b>1,021,000</b>    | <b>-</b>         | <b>(983,830)</b>      | <b>-</b>    | <b>37,170</b>        |
| <b>Total TransNet and TransNet Extension</b> |                |   | <b>\$ 1,234,396</b> | <b>\$ 2,385,000</b> | <b>\$ 30,566</b> | <b>\$ (2,648,043)</b> | <b>\$ -</b> | <b>\$ 1,001,919</b>  |

Notes:

a) Balance transferred to SM36 (Rock Springs/Richland Road Project) was approved by City Resolution on March 24, 2009.

b) Remaining balance was transferred to SM30 (SM Blvd. Street Improvement Project) through a March 24, 2009 City Resolution.

**City of San Marcos**

**Exhibit B**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| <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, 2009</u> |
|-----------------------------------|---|-----------------------|------------------------|-----------------------------|-------------------------|-------------------------------------|
| <b>Local Street Improvements</b>  |   |                       |                        |                             |                         |                                     |
| <i>Congestion Relief</i>          |   |                       |                        |                             |                         |                                     |
| SM23                              | Barham Drive Widening                               | \$ 1,000,000          | \$ -                   | \$ (983,830)                | \$ -                    | \$ 16,170                           |
| SM28                              | Twin Oaks Valley Rd. Street Widening & Improvements | 21,000                | -                      | -                           | -                       | 21,000                              |
| <b>Subtotal Congestion Relief</b> |   | <u>1,021,000</u>      | <u>-</u>               | <u>(983,830)</u>            | <u>-</u>                | <u>37,170</u>                       |
| <b>Total TransNet Extension</b>   |   | <u>\$ 1,021,000</u>   | <u>\$ -</u>            | <u>\$ (983,830)</u>         | <u>\$ -</u>             | <u>\$ 37,170</u>                    |

**City of San Marcos**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

Exhibit C

RTCIP

| Project Name                            | Project<br>Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|---|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                              | \$ 14,000         | \$ 101             | \$ -                    | \$ -                | \$ 14,101                          |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                       | <b>\$ 14,000</b>  | <b>\$ 101</b>      | <b>\$ -</b>             | <b>\$ -</b>         | <b>\$ 14,101</b>                   |

**City of San Marcos**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|   |                          |
|---|--------------------------|
| 2009 Apportionment                      | \$ 1,639,828             |
| Less: debt service payment              | -                        |
| Net Estimated Apportionment             | <u>1,639,828</u>         |
| 30% base                                | 30%                      |
| FY 2009 30% Threshold                   | <u>491,948</u>           |
| Streets and Road Balance per Schedule A | <u>941,770</u>           |
| Excess Fund Balance Over Apportionment  | <u><u>\$ 449,822</u></u> |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's Response**

Of the \$964,749 fund balance at June 30, 2009, \$629,328 is for the Twin Oaks Valley Road Street Widening and Improvements Project (SM28). The *TransNet* funds were drawn in fiscal year 2008/09 based on the original estimated construction schedule. There have been delays due to environmental issues as well as with the scope of construction. The City will use the excess funds on hand for the Rock Springs-Richland/Woodland project (SM36) which will incur enough expenditures to bring the City into compliance with the 30% rule by June 30, 2010.

# City of Santee

Santee, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**City of Santee**  
**TransNet Fund**

**Table of Contents**

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|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report.....</b>                            | <b>1</b>    |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. Schedule of RTCIP funds.....  | 10          |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Santee, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance.
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                     |
|--|---------------------|
| 2009 Apportionment                             | \$ 1,157,187        |
| Less: debt service payment                     | -                   |
| Net Estimated Apportionment                    | <u>1,157,187</u>    |
| 30% base                                       | 30%                 |
| FY 2009 30% Threshold                          | <u>347,156</u>      |
| Fund Balance per Schedule A                    | <u>36,570</u>       |
| Excess Fund Balance Over (Under) Apportionment | <u>\$ (310,586)</u> |

**Findings:** No findings were noted.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                   |
|---|-------------------|
| Current year local discretionary expenditures on streets and roads  | \$ 750,431        |
| Less: Maintenance of effort base                                    | <u>(612,429)</u>  |
| Current year local discretionary expenditures over (under) MOE base | <u>\$ 138,002</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |
|---|---------------|---------------|-------------|
|   | 2009          | 2006          | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 30,667,925 | \$ 27,995,998 | 1.10 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |            |
|---------------------------------------|------------|
| Previously approved MOE base          | \$ 612,429 |
| Growth rate                           | 0.90       |
| Adjusted MOE base as of June 30, 2009 | \$ 551,186 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

i. Reviewed that the City is using the most current approved fee amount.

ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."

iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.

iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness.

v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings and recommendations were noted in the prior year audit. Therefore, procedure O did not apply.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** No findings and recommendations were noted in the current year audit.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carlson*

San Diego, California  
January 12, 2010

City of Santee

Exhibit A

TransNet and TransNet Extension Activities  
 Schedule A - Schedule of Status of Funds by Project  
 For the year ended June 30, 2009

| MPO ID                           | Project Name                                 | Project                |                     |                    | Project                 |                     | Project Status<br>June 30, 2009 |
|----------------------------------|--|------------------------|---------------------|--------------------|-------------------------|---------------------|---------------------------------|
|                                  |  | Status<br>July 1, 2008 | Funds<br>Received   | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments |                                 |
| <i>TransNet</i>                  |  |                        |                     |                    |                         |                     |                                 |
| <b>Streets and Roads</b>         |  |                        |                     |                    |                         |                     |                                 |
| SNT 04                           | Santee Rehabilitation/Major Repair Work      | \$ 249,154             | \$ 1,573,000        | \$ 5,194           | \$ (1,624,105)          | \$ -                | \$ 203,243                      |
|                                  | <b>Total Streets and Roads</b>               | <u>\$ 249,154</u>      | <u>\$ 1,573,000</u> | <u>\$ 5,194</u>    | <u>\$ (1,624,105)</u>   | <u>\$ -</u>         | <u>\$ 203,243</u>               |
|                                  | <b>Total TransNet</b>                        | <u>\$ 249,154</u>      | <u>\$ 1,573,000</u> | <u>\$ 5,194</u>    | <u>\$ (1,624,105)</u>   | <u>\$ -</u>         | <u>\$ 203,243</u>               |
| <i>TransNet Extension</i>        |  |                        |                     |                    |                         |                     |                                 |
| <b>Local Street Improvements</b> |  |                        |                     |                    |                         |                     |                                 |
| <i>Congestion Relief</i>         |  |                        |                     |                    |                         |                     |                                 |
| SNT 08                           | Mast Boulevard Street Lighting               | -                      | -                   | -                  | (117,292)               | -                   | (117,292) (a)                   |
| SNT 09                           | Prospect Ave./Fanita Dr. Signal Improvements | -                      | -                   | -                  | (40,269)                | -                   | (40,269) (a)                    |
| SNT 12                           | Pavement Repair/Rehabilitation               | -                      | -                   | -                  | (5,587)                 | -                   | (5,587) (a)                     |
|                                  | <b>Subtotal Congestion Relief</b>            | <u>-</u>               | <u>-</u>            | <u>-</u>           | <u>(163,148)</u>        | <u>-</u>            | <u>(163,148)</u>                |
| <i>Maintenance</i>               |  |                        |                     |                    |                         |                     |                                 |
| SNT 07                           | Santee Slurry Seal/Minor Repair Work         | -                      | -                   | -                  | (3,525)                 | -                   | (3,525) (a)                     |
|                                  | <b>Subtotal Maintenance</b>                  | <u>-</u>               | <u>-</u>            | <u>-</u>           | <u>(3,525)</u>          | <u>-</u>            | <u>(3,525)</u>                  |
|                                  | <b>Total TransNet Extension</b>              | <u>\$ -</u>            | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ (166,673)</u>     | <u>\$ -</u>         | <u>\$ (166,673)</u>             |
|                                  | <b>Total TransNet and TransNet Extension</b> | <u>\$ 249,154</u>      | <u>\$ 1,573,000</u> | <u>\$ 5,194</u>    | <u>\$ (1,790,778)</u>   | <u>\$ -</u>         | <u>\$ 36,570</u>                |

Notes:

(a) Project deficits will be eliminated with TransNet payment requests in FY 2009-2010.

**City of Santee**

**Exhibit B**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| MPO ID                           | Project Name                         | Funds Received | Interest Income | Project Expenditures | City Adjustments | Project Status June 30, 2009 |
|----------------------------------|--------------------------------------|----------------|-----------------|----------------------|------------------|------------------------------|
| <b>Local Street Improvements</b> |                                      |                |                 |                      |                  |                              |
| <i>Congestion Relief</i>         |                                      |                |                 |                      |                  |                              |
| SNT 08                           | Mast Boulevard Street Lighting       | \$ -           | \$ -            | \$ (117,292)         | \$ -             | \$ (117,292)                 |
| SNT 09                           | Improvements                         | -              | -               | (40,269)             | -                | (40,269)                     |
| SNT 12                           | Pavement Repair/Rehabilitation       | -              | -               | (5,587)              | -                | (5,587)                      |
|                                  | <b>Subtotal Congestion Relief</b>    | <u>-</u>       | <u>-</u>        | <u>(163,148)</u>     | <u>-</u>         | <u>(163,148)</u>             |
| <i>Maintenance</i>               |                                      |                |                 |                      |                  |                              |
| SNT 07                           | Santee Slurry Seal/Minor Repair Work | -              | -               | (3,525)              | -                | (3,525)                      |
|                                  | <b>Subtotal Maintenance</b>          | <u>-</u>       | <u>-</u>        | <u>(3,525)</u>       | <u>-</u>         | <u>(3,525)</u>               |
|                                  | <b>Total TransNet Extension</b>      | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ (166,673)</u>  | <u>\$ -</u>      | <u>\$ (166,673)</u>          |

**City of Santee**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

**Exhibit C**

**RTCIP**

| Project Name                             | Project      | Funds             | Interest        | Project            | Project           |     |
|--|--------------|-------------------|-----------------|--------------------|-------------------|-----|
|  | Status       | Received          | Income          | Expenditures       | Status            |     |
|  | July 1, 2008 |                   |                 |                    | June 30, 2009     |     |
| Mission Gorge/Magnolia Signal Controller | \$ -         | \$ 120,000        | \$ -            | \$ (76,895)        | \$ 43,105         | (a) |
| Unprogrammed funds                       | -            | 150,000           | 1,898           | -                  | 151,898           |     |
| <b>Total RTCIP Funds</b>                 | <b>\$ -</b>  | <b>\$ 270,000</b> | <b>\$ 1,898</b> | <b>\$ (76,895)</b> | <b>\$ 195,003</b> |     |

**Notes:**

a) Interest is calculated and earned on the entire unspent balance of RTCIP funds. City Council has allocated \$120,000 in RTCIP funds to the Mission Gorge/Magnolia Signal Controller project, therefore the City does not allocate interest earned on the RTCIP per project.

# City of Solana Beach

Solana Beach, California

*TransNet Fund*

## *Independent Accountants' Report On Applying Agreed-Upon Procedures*

*A. For the year ended June 30, 2009*

# City of Solana Beach

## TransNet Fund

### Table of Contents

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|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | <b>1</b>    |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. Schedule of RTCIP Funds.....  | 10          |
| D. Schedule of Findings and Recommendations.....                       | 11          |



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Solana Beach, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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San Diego, California 92111

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                     |
|--|---------------------|
| 2009 Apportionment                     | \$ 371,425          |
| Less: debt service payment             | -                   |
| Net Estimated Apportionment            | <u>371,425</u>      |
| 30% base                               | <u>30%</u>          |
| FY 2009 30% Threshold                  | <u>111,428</u>      |
| Fund Balance per Schedule A            | <u>1,213,667</u>    |
| Excess Fund Balance Over Apportionment | <u>\$ 1,102,239</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$1,102,239.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, Procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                   |
|---|-------------------|
| Current year local discretionary expenditures on streets and roads              | \$ 871,312        |
| Less: Maintenance of effort base  | <u>(525,442)</u>  |
| Excess (deficit) of current year local discretionary expenditures over MOE base | <u>\$ 345,870</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |
|---|---------------|---------------|-------------|
|   | 2009          | 2006          | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 13,892,874 | \$ 13,299,317 | 1.04 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.90 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |            |
|---------------------------------------|------------|
| Previously approved MOE base          | \$ 525,442 |
| Growth rate                           | 0.90       |
| Adjusted MOE base as of June 30, 2009 | \$ 472,898 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

i. Reviewed that the City is using the most current approved fee amount.

ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."

iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.

iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness

v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, the City exceeded the 30% rule and in 2009 the same finding existed. Therefore, the finding on the 30% rule and the specific recommendation were not adequately addressed by the City.

- P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 21, 2010

# City of Solana Beach

Exhibit A

## TransNet and TransNet Extension Activities Schedule A - Schedule of Status of Funds by Project For the year ended June 30, 2009

| MPO ID                                       | Project Number | Project Name                    | Project             | Funds            | Interest         | Project             | City             | Project              |
|--|----------------|---------------------------------|---------------------|------------------|------------------|---------------------|------------------|----------------------|
|  |                |                                 | Status July 1, 2008 | Received         | Income           | Expenditures        | Adjustments      | Status June 30, 2009 |
| <b>TransNet</b>                              |                |                                 |                     |                  |                  |                     |                  |                      |
| <b>Streets and Roads</b>                     |                |                                 |                     |                  |                  |                     |                  |                      |
| SB 01  | 9356           | Lomas Santa Fe/ I-5 Interchange | \$ 260,600          | \$ -             | \$ 4,657         | \$ (98)             | \$ -             | \$ 265,159           |
|  | 9380           | Eden Gardens Master Plan        | 46,400              | -                | 829              | (19,981)            | -                | 27,248               |
| SB 05  | 9351           | Highway 101 Rehabilitation      | 24,365              | -                | 435              | -                   | 34,617           | 59,417 (a)           |
| SB 06  | 9534           | CRT Rail Trail at Cliff Street  | 119,481             | -                | 2,135            | (80,094)            | -                | 41,522               |
| SB 07  | 9386           | Highway 101 Streetscaping       | 756,798             | -                | 13,523           | -                   | -                | 770,321              |
| <b>Total Streets and Roads</b>               |                |                                 | <u>1,207,644</u>    | <u>-</u>         | <u>21,579</u>    | <u>(100,173)</u>    | <u>34,617</u>    | <u>1,163,667</u>     |
| <b>Total TransNet</b>                        |                |                                 | <u>\$ 1,207,644</u> | <u>\$ -</u>      | <u>\$ 21,579</u> | <u>\$ (100,173)</u> | <u>\$ 34,617</u> | <u>\$ 1,163,667</u>  |
| <b>TransNet Extension</b>                    |                |                                 |                     |                  |                  |                     |                  |                      |
| <b>Local Street Improvements</b>             |                |                                 |                     |                  |                  |                     |                  |                      |
| <b>Congestion Relief</b>                     |                |                                 |                     |                  |                  |                     |                  |                      |
| SB 01  | 9356           | Lomas Santa Fe/I-5 Interchange  | -                   | 50,000           | -                | -                   | -                | 50,000               |
| <b>Subtotal Congestion Relief</b>            |                |                                 | <u>-</u>            | <u>50,000</u>    | <u>-</u>         | <u>-</u>            | <u>-</u>         | <u>50,000</u>        |
| <b>Total TransNet Extension</b>              |                |                                 | <u>\$ -</u>         | <u>\$ 50,000</u> | <u>\$ -</u>      | <u>\$ -</u>         | <u>\$ -</u>      | <u>\$ 50,000</u>     |
| <b>Total TransNet and TransNet Extension</b> |                |                                 | <u>\$ 1,207,644</u> | <u>\$ 50,000</u> | <u>\$ 21,579</u> | <u>\$ (100,173)</u> | <u>\$ 34,617</u> | <u>\$ 1,213,667</u>  |

**Notes:**

- a) This is a completed project and it received a grant from the State of California for rubberized asphalt. The project used multiple funding sources, the portion of the grant that is associated with the TransNet funding is \$34,617. This amount is also part of the City's Interest Income Allocation and earns income as it is TransNet funded money.

**City of Solana Beach**

**Exhibit B**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| <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, 2009</u> |
|----------------------------------|--------------------------------------|-----------------------|------------------------|-----------------------------|-------------------------|-------------------------------------|
| <b>Local Street Improvements</b> |                                      |                       |                        |                             |                         |                                     |
| <b>Congestion Relief</b>         |                                      |                       |                        |                             |                         |                                     |
| SB 01                            | Lomas Santa Fe/I-5 Interchange #9356 | \$ 50,000             | \$ -                   | \$ -                        | \$ -                    | \$ 50,000                           |
|                                  | <b>Subtotal Congestion Relief</b>    | <u>50,000</u>         | <u>-</u>               | <u>-</u>                    | <u>-</u>                | <u>50,000</u>                       |
|                                  | <b>Total TransNet Extension</b>      | <u>\$ 50,000</u>      | <u>\$ -</u>            | <u>\$ -</u>                 | <u>\$ -</u>             | <u>\$ 50,000</u>                    |

**City of Solana Beach**  
**TransNet Extension Fund**  
**For the year ended June 30, 2009**

**Exhibit C**

**RTCIP**

| Project Name                            | Project<br>Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | City<br>Adjustments | Project<br>Status<br>June 30, 2009 |
|---|-----------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------------|
| For the fiscal year ended June 30, 2009 | \$ -                              | \$ 3,522          | \$ -               | \$ -                    | \$ -                | \$ 3,522                           |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                       | <b>\$ 3,522</b>   | <b>\$ -</b>        | <b>\$ -</b>             | <b>\$ -</b>         | <b>\$ 3,522</b>                    |

**City of Solana Beach**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

Exhibit D

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**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |    |           |
|--|----|-----------|
| 2009 Apportionment                     | \$ | 371,425   |
| Less: debt service payment             |    | -         |
| Net Estimated Apportionment            |    | 371,425   |
| 30% base                               |    | 30%       |
| FY 2009 30% Threshold                  |    | 111,428   |
| Fund Balance per Schedule A            |    | 1,213,667 |
| Excess Fund Balance Over Apportionment | \$ | 1,102,239 |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's Response**

The City is currently working on the design of the Highway 101 Streetscaping Project (SB 07) which will expend approximately in excess of \$1,000,000 on this project in the next twenty-four months.

# City of Vista

Vista, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**City of Vista**  
**TransNet Fund**

**Table of Contents**

---

|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | 1           |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 9           |
| C. RTCIP Schedule .....  | 10          |
| D. Schedule of Findings and Recommendations .....                      | 11          |



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the City of Vista, California (City) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the City in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the City's management and determined that the City maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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San Diego, California 92111

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the City by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the City. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the City's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the City the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the City's annual *TransNet* apportionment was not more than 30% of the City's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                     |
|--|---------------------|
| 2009 Apportionment                     | \$ 1,851,688        |
| Less: debt service payment             | -                   |
| Net Estimated Apportionment            | <u>1,851,688</u>    |
| 30% base                               | 30%                 |
| FY 2009 30% Threshold                  | <u>555,506</u>      |
| Fund Balance per Schedule A            | <u>2,802,778</u>    |
| Excess Fund Balance Over Apportionment | <u>\$ 2,247,272</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the City exceeded the 30% threshold requirements by \$2,247,272.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to the City.

- I. Reviewed the maintenance of effort (MOE) requirement for the City.
- Obtained the current MOE requirements for the City from SANDAG.
  - Obtained Schedule 3 of the Annual Street Report from the City.
  - Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount.
  - Reported outstanding unmet requirement from a prior year the amount of time the City has remaining to meet its MOE required and report a roll forward schedule.

|   |                     |
|---|---------------------|
| Current year local discretionary expenditures on streets and roads              | \$ 3,966,669        |
| Less: Maintenance of effort base  | <u>(2,710,338)</u>  |
| Excess (deficit) of current year local discretionary expenditures over MOE base | <u>\$ 1,256,331</u> |

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
|  | 2009   | 2006   | Growth Rate |
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the City a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the City's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the City's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |               |               |             |
|---|---------------|---------------|-------------|
|   | 2009          | 2006          | Growth Rate |
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | \$ 46,968,217 | \$ 53,161,623 | 0.88 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|             |
|-------------|
| Lowest      |
| Growth Rate |
| 0.88 Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective for the fiscal year ending June 30, 2012 to 2014.

|                                       |              |
|---------------------------------------|--------------|
| Previously approved MOE base          | \$ 2,710,338 |
| Growth rate                           | 0.88         |
| Adjusted MOE base as of June 30, 2009 | \$ 2,385,097 |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The City is not a transit operator; therefore, procedure K did not apply.

- L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.  
a. For the RTCIP fund, obtained from the City a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

- c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.  
i. Reviewed that the City is using the most current approved fee amount.  
ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."  
iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.  
iv. Reviewed and reported that the City provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness  
v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings and recommendations were noted in the prior year audit. Therefore, procedure O did not apply.

- P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the City's response to address the finding

**Findings:** See Exhibit D for details.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the City's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
November 16, 2009

**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project**  
**For the year ended June 30, 2009**

| MPO ID                                       | Project Number | Project Name                                   | Project             |                     |                  | Project Expenditures  | City Adjustments | Project Status June 30, 2009 |
|--|----------------|--|---------------------|---------------------|------------------|-----------------------|------------------|------------------------------|
|  |                |  | Status July 1, 2008 | Funds Received      | Interest Income  |                       |                  |                              |
| <b>TransNet :</b>                            |                |  |                     |                     |                  |                       |                  |                              |
| <b>Streets and Roads</b>                     |                |  |                     |                     |                  |                       |                  |                              |
| VISTA 03                                     | 8037           | Street Rehabilitation & Maintenance            | \$ (101,477)        | \$ 101,480          | \$ -             | \$ -                  | \$ (3)           | \$ - (a)                     |
| VISTA 07                                     | 7456           | SR-78 Corridor enhancement                     | -                   | 716,177             | 15,092           | (85,224)              | -                | 646,045                      |
| VISTA 08                                     | 7741           | W. Vista Way Widening                          | 514,207             | 193,000             | 2,527            | (598,875)             | -                | 110,859                      |
| VISTA 10                                     | 8043           | Olive Avenue Sidewalks and Street Improvements | -                   | 339,672             | 1,661            | (148)                 | -                | 341,185                      |
| VISTA 11                                     | 8052           | Median Enhancements                            | 178,439             | -                   | 3,610            | -                     | -                | 182,049                      |
| VISTA 12                                     | 8054           | E.Vista Way Street Improvements                | 256,346             | -                   | 6,065            | -                     | -                | 262,411                      |
| VISTA 13                                     | 8053           | ADA Street Improvements                        | (113,274)           | 125,000             | 217              | (2,573)               | -                | 9,370                        |
| VISTA 17                                     | 8018           | Grapevine Road Street Improvements             | (35)                | 255,126             | 6,715            | (6,797)               | -                | 255,009                      |
| VISTA 18                                     | 8029           | California Avenue Improvements                 | (16,785)            | -                   | -                | -                     | -                | (16,785) (b)                 |
| VISTA 19                                     | 8030           | Maryland Drive Sidewalks                       | -                   | 96,372              | 2,238            | (795)                 | -                | 97,815                       |
| VISTA 20                                     | 8039           | Emerald & Vista Way Improvements               | (138,702)           | -                   | -                | -                     | -                | (138,702) (b)                |
| VISTA 22                                     | 8088           | Inland Rail Trail Bike Lane Facility           | -                   | 80,000              | -                | (104,075)             | -                | (24,075) (b)                 |
| VISTA 23                                     | 8051           | Escondido Ave. Traffic Enhancements            | (46,188)            | -                   | -                | (221,755)             | -                | (267,943) (b)                |
| VISTA 25                                     | 7650           | Roadway rehab & upgrade                        | -                   | 25,000              | 866              | (12,592)              | -                | 13,274                       |
| VISTA 26                                     | 8140           | Taylor Street Improvements                     | -                   | 188,650             | 3,971            | (39,403)              | -                | 153,218                      |
| VISTA 27                                     | 8141           | Foothill Overlay & Improvements                | (7,555)             | 527,014             | 20,291           | (66,329)              | -                | 473,421                      |
| VISTA 28                                     | 8151           | Thibido Road Curb & Landscape                  | (3,842)             | 200,000             | 3,177            | (61,394)              | -                | 137,941                      |
| VISTA 29                                     | 8152           | La Mirada Dr. & Poinsettia Ave. Sig            | (1,965)             | 144,350             | 3,394            | (256)                 | -                | 145,523                      |
| VISTA 30                                     | 8154           | Street Rehab & Maintenance FY 07-08            | (290,002)           | 528,495             | 2,383            | (218,351)             | 3                | 22,528 (a)                   |
| VISTA 32                                     | 8127           | E. Vista Way at Oak Dr. Signal                 | (3,159)             | -                   | -                | (594)                 | -                | (3,753) (b)                  |
| VISTA 33                                     | 8128           | N. Santa Fe at East Dr. Signal                 | (2,849)             | -                   | -                | (307)                 | -                | (3,156) (b)                  |
| VISTA 34                                     | 8155           | Street Rehab & Maintenance FY 08-09            | -                   | -                   | -                | (115)                 | -                | (115) (b)                    |
| <b>Total Streets and Roads</b>               |                |  | <u>\$ 223,159</u>   | <u>\$ 3,520,336</u> | <u>\$ 72,207</u> | <u>\$ (1,419,583)</u> | <u>\$ -</u>      | <u>\$ 2,396,119</u>          |
| <b>Total TransNet</b>                        |                |  | <u>\$ 223,159</u>   | <u>\$ 3,520,336</u> | <u>\$ 72,207</u> | <u>\$ (1,419,583)</u> | <u>\$ -</u>      | <u>\$ 2,396,119</u>          |
| <b>TransNet Extension</b>                    |                |  |                     |                     |                  |                       |                  |                              |
| <b>Local Street Improvements</b>             |                |  |                     |                     |                  |                       |                  |                              |
| <b>Congestion Relief</b>                     |                |  |                     |                     |                  |                       |                  |                              |
| VISTA 27                                     | 8141           | Foothill Overlay & Improvements                | -                   | 381,659             | -                | -                     | -                | 381,659                      |
| <b>Subtotal Congestion Relief</b>            |                |  | <u>-</u>            | <u>381,659</u>      | <u>-</u>         | <u>-</u>              | <u>-</u>         | <u>381,659</u>               |
| <b>Maintenance</b>                           |                |  |                     |                     |                  |                       |                  |                              |
| VISTA 25                                     | 7650           | Roadway Rehab & Upgrade                        | -                   | 25,000              | -                | -                     | -                | 25,000                       |
| <b>Subtotal Maintenance</b>                  |                |  | <u>-</u>            | <u>25,000</u>       | <u>-</u>         | <u>-</u>              | <u>-</u>         | <u>25,000</u>                |
| <b>Total TransNet Extension</b>              |                |  | <u>\$ -</u>         | <u>\$ 406,659</u>   | <u>\$ -</u>      | <u>\$ -</u>           | <u>\$ -</u>      | <u>\$ 406,659</u>            |
| <b>Total TransNet and TransNet Extension</b> |                |  | <u>\$ 223,159</u>   | <u>\$ 3,926,995</u> | <u>\$ 72,207</u> | <u>\$ (1,419,583)</u> | <u>\$ -</u>      | <u>\$ 2,802,778</u>          |

**Notes:**

- a) Transfer excess project balance from completed project VISTA 03 to another street rehab project VISTA 34.
- b) Negative project balances are due to drawdowns requested early FY2010.

**City of Vista**

**Exhibit B**

**TransNet Extension Activities**

**Schedule B - Cumulative Schedule of Status of Funds by Project**

**For the year ended June 30, 2009**

| <u>MPO ID</u>                             | <u>Project Name</u>                        | <u>Funds Received</u> | <u>Interest Income</u> | <u>Project Expenditures</u> | <u>Adjustments</u> | <u>Project Status June 30, 2009</u> |
|---|--|-----------------------|------------------------|-----------------------------|--------------------|-------------------------------------|
| <b>Local Street and Road Improvements</b> |  |                       |                        |                             |                    |                                     |
| <i>Congestion Relief</i>                  |  |                       |                        |                             |                    |                                     |
| VISTA 27                                  | Foothill Overlay and Improvements          | \$ 381,659            | \$ -                   | \$ -                        | \$ -               | \$ 381,659                          |
|   | <b>Subtotal Congestion Relief</b>          | <u>381,659</u>        | <u>-</u>               | <u>-</u>                    | <u>-</u>           | <u>381,659</u>                      |
| <i>Maintenance</i>                        |  |                       |                        |                             |                    |                                     |
| VISTA 25                                  | Roadway Rehab & Upgrade                    | 25,000                | -                      | -                           | -                  | 25,000                              |
|   | <b>Subtotal Maintenance</b>                | <u>25,000</u>         | <u>-</u>               | <u>-</u>                    | <u>-</u>           | <u>25,000</u>                       |
|   | <b>Total TransNet Extension Activities</b> | <u>\$ 406,659</u>     | <u>\$ -</u>            | <u>\$ -</u>                 | <u>\$ -</u>        | <u>\$ 406,659</u>                   |

**City of Vista**  
**RTCIP Fund**  
**For the year ended June 30, 2009**

**Exhibit C**

**RTCIP**

| <u>Project Name</u>                     | <u>Project Status<br/>July 1, 2008</u> | <u>Funds<br/>Received</u> | <u>Interest<br/>Income</u> | <u>Project<br/>Expenditures</u> | <u>City<br/>Adjustments</u> | <u>Project<br/>Status<br/>June 30, 2009</u> |
|---|--|---------------------------|----------------------------|---------------------------------|-----------------------------|---|
| For the fiscal year ended June 30, 2009 | \$ -                                   | \$ 32,000                 | \$ -                       | \$ -                            | \$ -                        | \$ 32,000                                   |
| <b>Total RTCIP Funds</b>                | <b>\$ -</b>                            | <b>\$ 32,000</b>          | <b>\$ -</b>                | <b>\$ -</b>                     | <b>\$ -</b>                 | <b>\$ 32,000</b>                            |

**City of Vista**  
**TransNet Fund**  
**Schedule of Findings and Recommendations**  
**For the year ended June 30, 2009**

Exhibit D

---

**Finding 2009-1**

In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects.

During fiscal year 2009, the City exceeded the 30% rule as detailed below:

|  |    |           |
|--|----|-----------|
| 2009 Apportionment                     | \$ | 1,851,688 |
| Less: debt service payment             |    | -         |
| Net Estimated Apportionment            |    | 1,851,688 |
| 30% base                               |    | 30%       |
| FY 2009 30% Threshold                  |    | 555,506   |
| Fund Balance per Schedule A            |    | 2,802,778 |
| Excess Fund Balance Over Apportionment | \$ | 2,247,272 |

**Effect**

SANDAG will defer further future allocations until the unused balance falls below the 30% threshold.

**Recommendation**

We recommend that the City use the remaining balance before requesting future funding from SANDAG.

**Management's Response**

The ending balance for fiscal year 2008-2009 is in excess of the 30% requirement due to funds being drawn down in February 2009 however the project expenditures were delayed until early fiscal year 2010. The City plans on accelerating the expenditures and deferring any draw downs during fiscal year 2010 to be in compliance.

# County of San Diego

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**County of San Diego**  
*TransNet Fund*

**Table of Contents**

---

|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | 1           |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project .....           | 8           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 10          |
| C. RTCIP Schedule .....  | 11          |



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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the County of San Diego, California (County) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and the County in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the County's management and determined that the County maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the County a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the County the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to the County by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance.
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the County. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the County's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the County the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the County's annual *TransNet* apportionment was not more than 30% of the County's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                       |
|--|-----------------------|
| 2009 Apportionment                     | \$ 12,123,152         |
| Less: debt service payment             | <u>(1,479,604)</u>    |
| Net Estimated Apportionment            | 10,643,548            |
| 30% base                               | 30%                   |
| FY 2009 30% Threshold                  | <u>3,193,064</u>      |
| Fund Balance per Schedule A            | <u>570,947</u>        |
| Excess Fund Balance Over Apportionment | <u>\$ (2,622,117)</u> |

**Findings:** In accordance with SANDAG Board Policy No. 031, Rule #17, Section V, an agency that maintains a balance of more than 30% of their annual apportionment (after debt service) must use the remaining balance to fund projects. For the fiscal year ended June 30, 2009, the County did not exceed the 30% threshold requirements.

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

|            | Balance<br>July 1, 2008 | Additions   | Principal<br>Payments | Balance<br>June 30, 2009 | Interest<br>Payments |
|------------|-------------------------|-------------|-----------------------|--------------------------|----------------------|
| 2008 Bonds | <u>\$ 22,600,000</u>    | <u>\$ -</u> | <u>\$ (512,153)</u>   | <u>\$ 22,087,847</u>     | <u>\$ (967,451)</u>  |

**Findings:** No findings were noted.

I. Reviewed the maintenance of effort (MOE) requirement for the County.

- a. Obtained the current MOE requirements for the County from SANDAG.
- b. Obtained Schedule 3 of the Annual Street Report from the County.
- c. Reported the excess (deficit) of discretionary expenditures over the MOE base which was equal to the amount of discretionary funds expended for local streets and road less the MOE base amount).
- d. Reported outstanding unmet requirement from a prior year the amount of time the County has remaining to meet its MOE required and report a roll forward schedule.

**Findings:** The current MOE requirement for the County is \$0; therefore procedure I did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

- a. Obtained the Construction Cost Index for June 30, from SANDAG
  - i. Calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30.
  - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30 and dividing it by the Index at June 30 of the previously approved MOE base period.

|  |        |        |             |
|--|--------|--------|-------------|
| Index as of June 30, 2009 divided by Index as of June 30, 2006 | 2009   | 2006   | Growth Rate |
|  | 253.30 | 280.60 | 0.90 Times  |
|  | 253.30 | 280.60 | 0.90 Times  |

- b. Obtained from the County a copy of their audited financial report for the fiscal year ended June 30, 2009.
  - i. Calculated the growth rate in the County's General Fund revenues for the period ended June 30, 2009 over the amount of General Fund revenues as of June 30, 2006 of the previously approved MOE base period.
  - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the County's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the Local Agency's annual financial report as of June 30 of the previously approved MOE base period

|   |                  |                  |             |
|---|------------------|------------------|-------------|
| General fund revenues as of June 30, 2009 divided by<br>General fund revenues as of June 30, 2006 | 2009             | 2006             | Growth Rate |
|   | \$ 3,137,671,000 | \$ 2,548,060,000 | 1.23 Times  |
|   | \$ 3,137,671,000 | \$ 2,548,060,000 | 1.23 Times  |

- c. Compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

|                    |
|--------------------|
| Lowest             |
| <u>Growth Rate</u> |
| <u>0.90</u> Times  |

- d. Applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30 to become effective according to the fiscal year ending June 30, 2012 to 2014.

|                                       |      |
|---------------------------------------|------|
| Previously approved MOE base          | \$ - |
| Growth rate                           | 0.90 |
| Adjusted MOE base as of June 30, 2009 | \$ - |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

K. Reviewed transit operator eligibility for receipt of funds.

**Findings:** The County is not a transit operator; therefore, procedure K did not apply.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

a. For the RTCIP fund, obtained from the County a detailed general ledger.

**Findings:** No findings were noted.

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

**Findings:** No findings were noted.

c. Obtained the RTCIP schedule, including beginning balance, exactions collected, interest earned, expenditures, and ending balance. Agreed the beginning balance from the prior year or footnote any restatements.

i. Reviewed that the County is using the most current approved fee amount.

ii. Reviewed that the revenues are expended within seven years of collection per Section 9(C) of the *TransNet* Extension Ordinance and Expenditure Plan and Section G(4) of the attachment entitled "*TransNet* EXTENSION REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM."

iii. Obtained from SANDAG the list of RTCIP-approved regional arterial system projects and reviewed that any expenditures were for projects in the approved regional arterial system project list.

iv. Reviewed and reported that the County provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management the procedures to ensure all qualified properties were included in the program. Tested for completeness

v. Identified the interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agrees to the RTCIP general ledger. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings and recommendations were noted in the prior year audit. Therefore, procedure O did not apply.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included the County's response to address the finding

**Findings:** No current year findings were noted.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the County's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
December 17, 2009

# County of San Diego

Exhibit A

## TransNet and TransNet Extension Activities

### Schedule A - Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                                    | Project Number | Project Name                                      | Project             |                  |                 | Project            |                    | Project Status June 30, 2009 |
|---|----------------|---|---------------------|------------------|-----------------|--------------------|--------------------|------------------------------|
|   |                |   | Status July 1, 2008 | Funds Received   | Interest Income | Expenditures       | County Adjustments |                              |
| <b>TransNet:</b>                          |                |   |                     |                  |                 |                    |                    |                              |
| <b>Highways</b>                           |                |   |                     |                  |                 |                    |                    |                              |
| CNTY 14                                   | 1003303        | South Santa Fe                                    | \$ 9,412,756        | \$ -             | \$ 206,034      | \$ (2,941,311)     | \$ -               | \$ 6,677,479 (a)             |
| <b>Total Highways</b>                     |                |   | <u>9,412,756</u>    | <u>-</u>         | <u>206,034</u>  | <u>(2,941,311)</u> | <u>-</u>           | <u>6,677,479</u>             |
| <b>SR 78 Corridor Highway Funds</b>       |                |   |                     |                  |                 |                    |                    |                              |
| CNTY 14                                   | 1003303        | SDC - 02 Vista Cl to Woodland<br>(S. Santa Fe N.) | 72                  | -                | -               | (72)               | -                  | -                            |
| CNTY 14                                   | 1003303        | SDC - 03 Woodland to Smilax<br>(S. Santa Fe S.)   | 3,865,834           | -                | 73,955          | (563,372)          | -                  | 3,376,417                    |
| <b>Total SR 78 Corridor Highway Funds</b> |                |   | <u>3,865,906</u>    | <u>-</u>         | <u>73,955</u>   | <u>(563,444)</u>   | <u>-</u>           | <u>3,376,417</u>             |
| <b>Total all Highway Funds</b>            |                |   | <u>13,278,662</u>   | <u>-</u>         | <u>279,989</u>  | <u>(3,504,755)</u> | <u>-</u>           | <u>10,053,896</u>            |
| <b>Streets and Roads</b>                  |                |   |                     |                  |                 |                    |                    |                              |
| CNTY 05                                   | 1005416        | Channel Rd Bridge/San Diego River                 | (555)               | -                | -               | -                  | 555                | - (b)                        |
| CNTY 14                                   | 1003303        | S. Santa Fe                                       | 669,672             | -                | 1,526           | (671,198)          | -                  | - (c)                        |
| CNTY 14A                                  | 1010123        | S. Santa Fe - South                               | 35,891              | -                | -               | (35,891)           | -                  | -                            |
| CNTY 17                                   | 1003307        | SR 54/94 Phase II & III                           | (31,257)            | 90,000           | -               | (58,743)           | -                  | -                            |
| CNTY 18                                   | 1003308        | SR 56   | 209,107             | -                | 1,605           | (130,073)          | (80,639)           | - (d)                        |
| CNTY 19                                   | 1003327        | Valley Center Road                                | (972,770)           | 5,256,728        | 3,081           | (4,367,123)        | 80,084             | - (d)                        |
| CNTY 24                                   | 1003046        | Cole Grade - HS                                   | 418,612             | -                | 10,581          | -                  | -                  | 429,193                      |
| CNTY 25                                   | 1007353        | East Mission Road                                 | (738,011)           | 759,000          | -               | (20,989)           | -                  | -                            |
| CNTY 33                                   | 1009578        | Via De La Santa                                   | 36,626              | 52,000           | -               | (88,626)           | -                  | -                            |
| CNTY 34                                   | 1009589        | Dye Rd Extension                                  | 247,498             | -                | 1,269           | (248,767)          | -                  | -                            |
| CNTY 35                                   | 1009591        | Ramona St Extension                               | (53,675)            | 53,675           | -               | -                  | -                  | -                            |
| CNTY 36                                   | 1009592        | San Vicente Rd South I                            | 565,455             | 17,597           | 5,607           | (567,754)          | -                  | 20,905                       |
| CNTY 39                                   | 1010404        | Bear Valley Parkway                               | 6,365               | -                | -               | (6,365)            | -                  | -                            |
| <b>Total Streets and Roads</b>            |                |   | <u>392,958</u>      | <u>6,229,000</u> | <u>23,669</u>   | <u>(6,195,529)</u> | <u>-</u>           | <u>450,098</u>               |
| <b>Total TransNet</b>                     |                |   | <u>13,671,620</u>   | <u>6,229,000</u> | <u>303,658</u>  | <u>(9,700,284)</u> | <u>-</u>           | <u>10,503,994</u>            |

# County of San Diego

Exhibit A

## TransNet and TransNet Extension Activities

### Schedule A - Schedule of Status of Funds by Project, Continued

For the year ended June 30, 2009

| MPO ID                                       | Project Number | Project Name                | Project                |                      |                    | County                  |             | Project Status<br>June 30, 2009 |
|--|----------------|-----------------------------|------------------------|----------------------|--------------------|-------------------------|-------------|---------------------------------|
|  |                |                             | Status<br>July 1, 2008 | Funds<br>Received    | Interest<br>Income | Project<br>Expenditures | Adjustments |                                 |
| <b>Total forwarded from previous page</b>    |                |                             | <u>\$ 13,671,620</u>   | <u>\$ 6,229,000</u>  | <u>\$ 303,658</u>  | <u>\$ (9,700,284)</u>   | <u>\$ -</u> | <u>\$ 10,503,994</u>            |
| <b>TransNet Extension:</b>                   |                |                             |                        |                      |                    |                         |             |                                 |
| <b>Local Street and Road Improvements</b>    |                |                             |                        |                      |                    |                         |             |                                 |
| <b>Maintenance</b>                           |                |                             |                        |                      |                    |                         |             |                                 |
| CNTY 26                                      | 1003276        | Ramona Drive                | 59,476                 | -                    | 456                | -                       | (59,932)    | -                               |
| CNTY 26                                      | 1003260        | Olive Vista Drive           | 2,101,285              | -                    | 42,532             | (548,914)               | (370,506)   | 1,224,397 (e)                   |
| CNTY 26                                      | 1003099        | Julian Ave                  | (367,039)              | -                    | -                  | (63,399)                | 430,438     | -                               |
| CNTY 26                                      | 1007354        | Valley Ctr. Rd. Median      | 1,549,953              | -                    | 35,645             | (270,062)               | -           | 1,315,536                       |
| <b>Subtotal CNTY 26</b>                      |                |                             | <u>3,343,675</u>       | <u>-</u>             | <u>78,633</u>      | <u>(882,375)</u>        | <u>-</u>    | <u>2,539,933</u>                |
| CNTY 45                                      | 1012891        | Bridge Methacrylate         | -                      | 20,000               | -                  | (41,170)                | -           | (21,170) (f)                    |
| CNTY 48                                      | 1012892        | Culvert Rehab Repair        | -                      | 20,000               | -                  | (31,665)                | -           | (11,665) (f)                    |
| CNTY 49                                      | 1012894        | Culvert Lining              | -                      | -                    | -                  | (40,224)                | -           | (40,224) (f)                    |
| <b>Subtotal Maintenance</b>                  |                |                             | <u>3,343,675</u>       | <u>40,000</u>        | <u>78,633</u>      | <u>(995,434)</u>        | <u>-</u>    | <u>2,466,874</u>                |
| <b>Congestion Relief:</b>                    |                |                             |                        |                      |                    |                         |             |                                 |
| CNTY 14A                                     | 1010123        | S. Santa Fe - South         | -                      | 148,037              | 1,309              | (50,297)                | -           | 99,049                          |
| CNTY 17                                      | 1003307        | SR 54/94 Phase II & III     | -                      | 14,100               | -                  | (88,461)                | -           | (74,361) (f)                    |
| CNTY 19                                      | 1003327        | Valley Center Road          | -                      | 3,293,272            | -                  | (5,748,890)             | -           | (2,455,618) (f)                 |
| CNTY 21                                      | 1003030        | Bradley Avenue              | (78,536)               | 384,929              | 2,437              | (84,718)                | -           | 224,112                         |
| CNTY 25                                      | 1007353        | East Mission Road           | -                      | 35,816               | 71                 | (28,109)                | -           | 7,778                           |
| CNTY 33                                      | 1009578        | Via De La Santa             | -                      | 40,000               | 60                 | (33,486)                | -           | 6,574                           |
| CNTY 34                                      | 1009589        | Dye Rd Extension            | -                      | 55,000               | -                  | (102,257)               | -           | (47,257) (f)                    |
| CNTY 35                                      | 1009591        | Ramona St Extension         | (35,821)               | 387,556              | 5,400              | (164,072)               | -           | 193,063                         |
| CNTY 38                                      | 1009758        | Rancho Santa Fe Roundabouts | -                      | 155,994              | 332                | (219,522)               | -           | (63,196) (f)                    |
| CNTY 39                                      | 1010404        | Bear Valley Parkway         | -                      | 86,000               | -                  | (223,423)               | -           | (137,423) (f)                   |
| CNTY 46                                      | 1013096        | AC Overlay                  | -                      | 75,000               | -                  | (170,552)               | -           | (95,552) (f)                    |
| CNTY 61                                      | 1013097        | Jamacha TS IC Spring Vly    | -                      | 10,000               | -                  | (13,194)                | -           | (3,194) (f)                     |
| <b>Subtotal Congestion Relief</b>            |                |                             | <u>(114,357)</u>       | <u>4,685,704</u>     | <u>9,609</u>       | <u>(6,926,981)</u>      | <u>-</u>    | <u>(2,346,025)</u>              |
| <b>Total TransNet Extension</b>              |                |                             | <u>3,229,318</u>       | <u>4,725,704</u>     | <u>88,242</u>      | <u>(7,922,415)</u>      | <u>-</u>    | <u>120,849</u>                  |
| <b>Total TransNet and TransNet Extension</b> |                |                             | <u>\$ 16,900,938</u>   | <u>\$ 10,954,704</u> | <u>\$ 391,900</u>  | <u>\$ (17,622,699)</u>  | <u>\$ -</u> | <u>\$ 10,624,843</u>            |

**Notes:**

- a) Expenditures include Eminent Domain Deposits with Superior Courts of California: South Santa Fe North \$2,197,588. Highway Funds are estimated to be spent by December 2010.
- b) Transferred \$555 from completed project CNTY 18 SR 56. CNTY 05 Channel Rd Bridge is expected to receive future *TransNet* funding.
- c) Project is expected to receive future *TransNet* funding.
- d) Project is completed. Remaining funds under CNTY18 SR56 (\$80,639) was transferred to CNTY05 Channel Rd Bridge (\$555) and CNTY19 Valley Center Road (\$80,084). Partial approval was received on February 25, 2009 Item #4. Final approval will be brought to the Board on February 24, 2010.
- e) Expenditures include Eminent Domain Deposit with Superior Courts of California: Olive Vista Drive \$13,400.
- f) Additional funding will be requested during FY 09/10.

**County of San Diego**  
**TransNet Extension Activities**  
**Schedule B - Cumulative Schedule of Status of Funds by Project**  
**For the year ended June 30, 2009**

Exhibit B

| MPO ID                                     | Project Number | Project Name                | Funds Received       | Interest Income     | Project Expenditures   | County Adjustments  | Project Status June 30, 2009 |
|--|----------------|-----------------------------|----------------------|---------------------|------------------------|---------------------|------------------------------|
| <b>Local Street and Road Improvements</b>  |                |                             |                      |                     |                        |                     |                              |
| <i>Maintenance</i>                         |                |                             |                      |                     |                        |                     |                              |
| CNTY 26                                    | 1003276        | Ramona Drive                | \$ 1,000,000         | \$ 54,562           | \$ (994,630)           | \$ (59,932)         | \$ -                         |
| CNTY 26                                    | 1003260        | Olive Vista Drive           | 2,800,000            | 319,308             | (1,524,405)            | (370,506)           | 1,224,397                    |
| CNTY 26                                    | 1003099        | Julian Ave                  | 1,800,000            | 132,966             | (2,363,404)            | 430,438             | -                            |
| CNTY 26                                    | 1007354        | Valley Ctr. Rd. Median      | 1,500,000            | 236,684             | (421,148)              | -                   | 1,315,536                    |
| <b>Subtotal CNTY 26</b>                    |                |                             | <b>7,100,000</b>     | <b>743,520</b>      | <b>(5,303,587)</b>     | <b>-</b>            | <b>2,539,933</b>             |
| CNTY 45                                    | 1012891        | Bridge Methacrylate         | 20,000               | -                   | (41,170)               | -                   | (21,170)                     |
| CNTY 48                                    | 1012892        | Culvert Rehab Repair        | 20,000               | -                   | (31,665)               | -                   | (11,665)                     |
| CNTY 49                                    | 1012894        | Culvert Lining              | -                    | -                   | (40,224)               | -                   | (40,224)                     |
| <b>Subtotal Maintenance</b>                |                |                             | <b>7,140,000</b>     | <b>743,520</b>      | <b>(5,416,646)</b>     | <b>-</b>            | <b>2,466,874</b>             |
| <i>Congestion Relief</i>                   |                |                             |                      |                     |                        |                     |                              |
| CNTY 14A                                   | 1010123        | S. Santa Fe - South         | 148,037              | 1,309               | (50,297)               | -                   | 99,049                       |
| CNTY 17                                    | 1003307        | SR 54/94 Phase II & III     | 14,100               | -                   | (88,461)               | -                   | (74,361)                     |
| CNTY 19                                    | 1003327        | Valley Center Road          | 17,293,272           | 524,685             | (23,558,292)           | 3,284,717           | (2,455,618)                  |
| CNTY 21                                    | 1003030        | Bradley Avenue              | 384,929              | 52,094              | (154,911)              | (58,000)            | 224,112                      |
| CNTY 25                                    | 1007353        | East Mission Road           | 1,535,816            | 94,519              | (1,622,557)            | -                   | 7,778                        |
| CNTY 33                                    | 1009578        | Via De La Santa             | 40,000               | 60                  | (33,486)               | -                   | 6,574                        |
| CNTY 34                                    | 1009589        | Dye Rd Extension            | 55,000               | -                   | (102,257)              | -                   | (47,257)                     |
| CNTY 35                                    | 1009591        | Ramona St Extension         | 387,556              | 17,727              | (212,220)              | -                   | 193,063                      |
| CNTY 38                                    | 1009758        | Rancho Santa Fe Roundabouts | 155,994              | 332                 | (219,522)              | -                   | (63,196)                     |
| CNTY 39                                    | 1010404        | Bear Valley Parkway         | 86,000               | -                   | (223,423)              | -                   | (137,423)                    |
| CNTY 46                                    | 1013096        | AC Overlay                  | 75,000               | -                   | (170,552)              | -                   | (95,552)                     |
| CNTY 61                                    | 1013097        | Jamacha IS IC Spring Vly    | 10,000               | -                   | (13,194)               | -                   | (3,194)                      |
| <b>Subtotal Congestion Relief</b>          |                |                             | <b>20,185,704</b>    | <b>690,726</b>      | <b>(26,449,172)</b>    | <b>3,226,717</b>    | <b>(2,346,025)</b>           |
| <b>Total TransNet Extension Activities</b> |                |                             | <b>\$ 27,325,704</b> | <b>\$ 1,434,246</b> | <b>\$ (31,865,818)</b> | <b>\$ 3,226,717</b> | <b>\$ 120,849</b>            |

**Note:**  
 \*Schedule B includes activity for project CNTY 26 that was advance-funded through various SANDAG debt instruments and is paid down with the County of San Diego TransNet Extension Ordinance Local Street Improvement funding.

**County of San Diego**  
**RTCIP Schedule**  
**For the year ended June 30, 2009**

**Exhibit C**

| RTCIP <sup>(1)</sup>          |   | No. of Units | Exactions         | Interest        | Project             | Refunds <sup>(3)</sup> | Status          |
|-------------------------------|---|--------------|-------------------|-----------------|---------------------|------------------------|-----------------|
| Location                      | Regional Arterial System Project <sup>(2)</sup>     |              | Received          | Income          | Expenditures        |                        | June 30, 2009   |
| <b>RTCIP Activities</b>       |   |              |                   |                 |                     |                        |                 |
| North                         | South Santa Fe North                                | 99           | \$ 568,436        | \$ 5,164        | \$ (568,436)        | \$ -                   | \$ 5,164        |
| South                         | Bradley Avenue-SR 67/Lonestar Road/Otay Mesa Road   | 30           | 87,978            | 1,089           | (85,711)            | (2,267)                | 1,089           |
| East                          | Dye Road Extension Project/San Vicente Road South I | 68           | 133,546           | 1,783           | (131,332)           | (2,214)                | 1,783           |
| <b>Total RTCIP Activities</b> |   | <b>197</b>   | <b>\$ 789,960</b> | <b>\$ 8,036</b> | <b>\$ (785,479)</b> | <b>\$ (4,481)</b>      | <b>\$ 8,036</b> |

Footnote:

(1) RTCIP = Regional Transportation Congestion Improvement Program

(2) RTCIP exactions collected were used for projects in the approved regional arterial system project list.

(3) Pursuant to TIF Ordinance Sec 77.218, refunds are given upon written request and approval from the Department of Public Works (DPW) Director. Such refunds are any fees paid plus interest earned on the fee, less administrative costs, that have not been expended and no construction has taken place on an expired, cancelled, or voided building permit or development permit.

# Independent Taxpayer Oversight Committee

San Diego, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**Independent Taxpayer Oversight Committee**  
*TransNet Fund*

**Table of Contents**

---

|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | 1           |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 4           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 5           |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the Independent Taxpayer Oversight Committee (ITOC) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and ITOC in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** This procedure is not applicable for ITOC; therefore, procedure B was not performed.

- C. Inquired of ITOC's management and determined that ITOC maintains a separate fund for *TransNet* revenues.

**Findings:** This procedure is not applicable for ITOC; therefore, procedure C was not performed.

- D. For the *TransNet* Fund, obtained a detailed general ledger.

**Findings:** This procedure is not applicable for ITOC; therefore, procedure D was not performed.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

**Findings:** This procedure is not applicable for ITOC; therefore, procedure E was not performed.

- F. Obtained from ITOC the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

**Findings:** This procedure is not applicable for ITOC; therefore, procedure F was not performed.

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from ITOC's annual *TransNet* apportionment was not more than 30% of ITOC's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

**Findings:** This procedure is not applicable for ITOC; therefore, procedure G was not performed.

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

**Findings:** This procedure is not applicable for ITOC; therefore, procedure H was not performed.

- I. Reviewed the maintenance of effort (MOE) requirement for ITOC.

**Findings:** This procedure is not applicable for ITOC; therefore, procedure I was not performed.

- J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

**Findings:** This procedure is not applicable for ITOC; therefore, procedure J was not performed.

- K. Reviewed transit operator eligibility for receipt of funds. Reviewed and reported 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 does not exceed the increase in the CPI.

**Findings:** This procedure is not applicable for ITOC; therefore, procedure K was not performed.

- L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

**Findings:** This procedure is not applicable for ITOC; therefore, procedure L was not performed.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC responsibilities under the *TransNet* Extension Ordinance in 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."

**Findings:** No findings were noted.

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** ITOC started July 1, 2008. Therefore, there were no prior year findings to be addressed.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included ITOC's response to address the finding

**Findings:** No findings and recommendations were noted. Therefore, procedure P did not apply.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on ITOC's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 22, 2010

# Independent Taxpayers' Oversight Committee

Exhibit A

## TransNet Extension Activities

### Schedule A - Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                               | Project # | Project Name                               | Project Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | Committee<br>Adjustments | Project Status<br>June 30, 2009 |
|--------------------------------------|-----------|--|--------------------------------|-------------------|--------------------|-------------------------|--------------------------|---------------------------------|
| <i>TransNet Extension Activities</i> |           |  |                                |                   |                    |                         |                          |                                 |
| ITOC                                 |           |  |                                |                   |                    |                         |                          |                                 |
|                                      |           | Independent Taxpayers' Oversight Committee | \$ -                           | \$ 323,930        | \$ 684             | \$ 260,757              | \$ -                     | \$ 63,857                       |
|                                      |           | <b>Total ITOC</b>                          | -                              | 323,930           | 684                | 260,757                 | -                        | 63,857                          |
|                                      |           | <b>Total TransNet Extension</b>            | \$ -                           | \$ 323,930        | \$ 684             | \$ 260,757              | \$ -                     | \$ 63,857                       |

# Independent Taxpayers' Oversight Committee

Exhibit B

## TransNet Extension Activities

### Schedule B - Cumulative Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID                     | Project # | Project Name                               | Project Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | Committee<br>Adjustments | Project Status<br>June 30, 2009 |
|----------------------------|-----------|--|--------------------------------|-------------------|--------------------|-------------------------|--------------------------|---------------------------------|
| <i>TransNet Extension:</i> |           |  |                                |                   |                    |                         |                          |                                 |
| ITOC                       |           |  |                                |                   |                    |                         |                          |                                 |
|                            |           | Independent Taxpayers' Oversight Committee | \$ -                           | \$ 323,930        | \$ 684             | \$ 260,757              | \$ -                     | \$ 63,857                       |
|                            |           | <b>Total ITOC</b>                          | <b>-</b>                       | <b>323,930</b>    | <b>684</b>         | <b>260,757</b>          | <b>-</b>                 | <b>63,857</b>                   |
|                            |           | <b>Total TransNet Extension</b>            | <b>\$ -</b>                    | <b>\$ 323,930</b> | <b>\$ 684</b>      | <b>\$ 260,757</b>       | <b>\$ -</b>              | <b>\$ 63,857</b>                |

# San Diego Metropolitan Transit System

San Diego, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**San Diego Metropolitan Transit System**  
*TransNet Fund*

**Table of Contents**

---

|   | <u>Page</u> |
|---|-------------|
| <b>Independent Accountants' Report</b> .....                            | <b>1</b>    |
| <b>Exhibits:</b>  |             |
| A. Schedule A - Schedule of Status of Funds by Project.....             | 7           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project ..... | 8           |

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the San Diego Metropolitan Transit System (MTS) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and MTS in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of MTS's management and determined that MTS maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from MTS a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to MTS by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from MTS. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from MTS's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from MTS the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

G. Reviewed the ending fund balance per Schedule A for those projects that were derived from MTS's annual *TransNet* apportionment was not more than 30% of MTS's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                       |
|--|-----------------------|
| 2009 Apportionment                             | \$ 19,692,658         |
| 30% base                                       | 30%                   |
| FY 2009 30% Threshold                          | <u>5,907,797</u>      |
| Fund Balance per Schedule A                    | <u>4,721,229</u>      |
| Excess Fund Balance Over (Under) Apportionment | <u>\$ (1,186,568)</u> |

**Findings:** No findings were noted.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, Procedure H, did not apply to MTS.

I. Reviewed the maintenance of effort (MOE) requirement for MTS.

**Findings:** MTS is not subject to Section 8 of the Ordinance; therefore Procedure I did not apply.

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

**Findings:** MTS is not subject to Section 8 of the Ordinance; therefore Procedure J did not apply.

K. Reviewed transit operator eligibility for receipt of funds. Reviewed and reported 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 does not exceed the increase in the CPI.

**Operating Cost per Revenue Vehicle for Bus Services**

|   | 2009           | 2008           | Growth Rate |
|---|----------------|----------------|-------------|
| Operating Cost for Buses                                  | \$ 81,271,392  | \$ 80,031,464  |             |
| Revenue vehicle hour                                      | <u>843,438</u> | <u>870,432</u> |             |
| Total operating cost per revenue vehicle for bus services | 96             | 92             | 1.05        |
| Consumer Price Index                                      | 253.3          | 235.7          | 1.07        |

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

Operating Cost per Revenue Vehicle for Rail Services

|  | 2009          | 2008          | Growth Rate |
|--|---------------|---------------|-------------|
| Operating Cost for Rail Services                           | \$ 58,536,769 | \$ 55,949,228 |             |
| Revenue vehicle mile                                       | 7,894,528     | 8,002,889     |             |
| Total operating cost per revenue vehicle for rail services | 7.4           | 7.0           | 1.06        |
| Consumer Price Index                                       | 253.3         | 235.7         | 1.07        |

**Findings:** No findings were noted.

L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

**Findings:** MTS is not subject to Section 8 of the Ordinance; therefore Procedure L did not apply.

M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** In 2008, MTS exceeded the 30% rule however in 2009, the finding was corrected. Therefore, the finding on the 30% rule and the specific recommendation were adequately addressed by MTS.

P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included MTS's response to address the finding

**Findings:** No findings and recommendations were noted. Therefore, procedure P did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on MTS's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
December 4, 2009

**San Diego Metropolitan Transit System**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project**  
**For the year ended June 30, 2009**

Exhibit A

| MPO  |  | Project Status       | Funds                | Interest         | Project                | Agency      | Project             |
|--|--|----------------------|----------------------|------------------|------------------------|-------------|---------------------|
| ID #   | Project Name                                 | as reported          | Received             | Income           | Expenditures           | Adjustment  | Status              |
|  |  | July 1, 2008         |                      |                  |                        |             | June 30, 2009       |
| <i>TransNet</i>                                  |  |                      |                      |                  |                        |             |                     |
| <b>Operating:</b>                                |  |                      |                      |                  |                        |             |                     |
| <i>Senior and disabled transportation:</i>       |  |                      |                      |                  |                        |             |                     |
| MTS 33   | MTS Access                                   | \$ 16,793            | \$ -                 | \$ 68            | \$ (16,861)            | \$ -        | \$ -                |
| <i>Transit and Trolley:</i>                      |  |                      |                      |                  |                        |             |                     |
| MTS 23   | MTS operating support                        | 2,811,215            | -                    | 11,401           | (2,822,616)            | -           | -                   |
|  | <b>Total Operating</b>                       | <u>2,828,008</u>     | <u>-</u>             | <u>11,469</u>    | <u>(2,839,477)</u>     | <u>-</u>    | <u>-</u>            |
| <b>Capital:</b>                                  |  |                      |                      |                  |                        |             |                     |
| <i>Transit:</i>                                  |  |                      |                      |                  |                        |             |                     |
| MTS 28 & 30                                      | Bus/Rail Support                             |                      |                      |                  |                        |             |                     |
|  | Equipment & Facilities                       | 6,763,181            | -                    | 27,428           | (2,069,380)            | -           | 4,721,229           |
| MTS 27   | Mission Valley LRT - East                    | 1,688,054            | -                    | 6,846            | (1,694,900)            | -           | -                   |
|  | STP projects and services                    | 97,991               | -                    | 397              | (98,388)               | -           | -                   |
|  | <b>Total Capital</b>                         | <u>8,549,226</u>     | <u>-</u>             | <u>34,671</u>    | <u>(3,862,668)</u>     | <u>-</u>    | <u>4,721,229</u>    |
|  | <b>Total TransNet</b>                        | <u>\$ 11,377,234</u> | <u>\$ -</u>          | <u>\$ 46,140</u> | <u>\$ (6,702,145)</u>  | <u>\$ -</u> | <u>\$ 4,721,229</u> |
| <i>TransNet Extension:</i>                       |  |                      |                      |                  |                        |             |                     |
| <b>Operating:</b>                                |  |                      |                      |                  |                        |             |                     |
| <i>Senior and disabled transportation:</i>       |  |                      |                      |                  |                        |             |                     |
| MTS 33   | MTS Access                                   | \$ -                 | \$ 625,973           | \$ -             | \$ (625,973)           | \$ -        | \$ -                |
| <i>Transit and Trolley:</i>                      |  |                      |                      |                  |                        |             |                     |
| MTS 23   | MTS operating support                        | -                    | 18,231,686           | -                | (18,231,686)           | -           | -                   |
| <i>BRT and Rail Transit Capital Improvements</i> |  |                      |                      |                  |                        |             |                     |
| SAN 80   | Rapid Bus Transit Service                    | -                    | 54,611               | -                | (54,611)               | -           | -                   |
|  | <b>Total Operating</b>                       | <u>-</u>             | <u>18,912,270</u>    | <u>-</u>         | <u>(18,912,270)</u>    | <u>-</u>    | <u>-</u>            |
|  | <b>Total TransNet Extension</b>              | <u>\$ -</u>          | <u>\$ 18,912,270</u> | <u>\$ -</u>      | <u>\$ (18,912,270)</u> | <u>\$ -</u> | <u>\$ -</u>         |
|  | <b>Total TransNet and TransNet Extension</b> | <u>\$ 11,377,234</u> | <u>\$ 18,912,270</u> | <u>\$ 46,140</u> | <u>\$ (25,614,415)</u> | <u>\$ -</u> | <u>\$ 4,721,229</u> |

# San Diego Metropolitan Transit System

Exhibit B

## TransNet Extension Activities

### Schedule B - Cumulative Schedule of Status of Funds by Projects

For the year ended June 30, 2009

| MPO ID   | Project Name                                   | Funds Received       | Interest Income | Project Expenditures   | Project Status June 30, 2009 |
|--|--|----------------------|-----------------|------------------------|------------------------------|
| <b>Operating:</b>                                |  |                      |                 |                        |                              |
| <i>Senior and disabled transportation:</i>       |  |                      |                 |                        |                              |
| MTS 23   | Transit and Trolley: operating support         | \$ 18,231,686        | \$ -            | \$ (18,231,686)        | \$ -                         |
| <i>Transit and Trolley:</i>                      |  |                      |                 |                        |                              |
| MTS 33   | Senior and disabled transportation: MTS Access | 625,973              | -               | (625,973)              | -                            |
| <i>BRT and Rail Transit Capital Improvements</i> |  |                      |                 |                        |                              |
| SAN 80   | Rapid Bus Transit Service                      | 54,611               | -               | (54,611)               | -                            |
|  | <b>Total TransNet Extension</b>                | <u>\$ 18,912,270</u> | <u>\$ -</u>     | <u>\$ (18,912,270)</u> | <u>\$ -</u>                  |

# North County Transit District

Oceanside, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**North County Transit District**  
*TransNet Fund*

**Table of Contents**

---

|   | <u>Page</u> |
|---|-------------|
| <b>Independent Accountants' Report</b> .....                            | <b>1</b>    |
| <b>Exhibits:</b>  |             |
| A. Schedule A - Schedule of Status of Funds by Project.....             | 7           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project ..... | 8           |



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the North County Transit District (NCTD) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and NCTD in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of NCTD's management and determined that NCTD maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted; however, NCTD does not maintain a separate fund for *TransNet* revenues but maintains separate accountability for all *TransNet* activity per SANDAG Board Policy No. 031, Rule #6 (Fund Accounting and Interest Allocation), which allows an alternate accountability method with SANDAG approval.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

D. For the *TransNet* Fund, obtained from NCTD a detailed general ledger.

**Findings:** No findings were noted.

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to NCTD by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance
  - iii. Reviewed the interest distribution methodology.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- d. Identified the total *TransNet* expenditures for the fiscal year.
- i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from NCTD. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from NCTD's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

F. Obtained from NCTD the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

G. Reviewed the ending fund balance per Schedule A for those projects that were derived from NCTD's annual *TransNet* apportionment was not more than 30% of NCTD's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

|  |                       |
|--|-----------------------|
| 2009 Apportionment                             | \$ 10,330,783         |
| 30% base                                       | 30%                   |
| FY 2009 30% Threshold                          | <u>3,099,235</u>      |
| Fund Balance per Schedule A                    | <u>1,169,950</u>      |
| Excess Fund Balance Over (Under) Apportionment | <u>\$ (1,929,285)</u> |

**Findings:** No findings were noted.

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

**Findings:** There are no commercial paper and bonds outstanding as of June 30, 2009. Therefore, procedure H, did not apply to NCTD.

I. Reviewed the maintenance of effort (MOE) requirement for NCTD.

**Findings:** NCTD is not subject to Section 8 of the Ordinance; therefore procedure I did not apply.

J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

**Findings:** NCTD is not subject to Section 8 of the Ordinance; therefore procedure J did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- K. Reviewed transit operator eligibility for receipt of funds. Reviewed and reported 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 does not exceed the increase in the CPI.

**Operating Cost per Revenue Vehicle for Bus Services**

|   | 2009          | 2008          | Growth Rate |
|---|---------------|---------------|-------------|
| Operating Cost for Buses                                  | \$ 41,045,432 | \$ 47,241,588 |             |
| Revenue vehicle hour                                      | 425,029       | 475,848       |             |
| Total operating cost per revenue vehicle for bus services | 97            | 99            | 0.97        |
| Consumer Price Index                                      | 253.3         | 235.7         | 1.07        |

**Operating Cost per Revenue Vehicle for Rail Services**

|  | 2009          | 2008          | Growth Rate |
|--|---------------|---------------|-------------|
| Operating Cost for Rail Services                           | \$ 31,489,434 | \$ 25,043,302 |             |
| Revenue vehicle mile                                       | 1,967,242     | 1,436,932     |             |
| Total operating cost per revenue vehicle for rail services | 16            | 17            | 0.92        |
| Consumer Price Index                                       | 253.3         | 235.7         | 1.07        |

**Findings:** No findings were noted.

- L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

**Findings:** NCTD is not subject to Section 8 of the Ordinance; therefore procedure L did not apply.

- M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

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

**Findings:** This procedure is designed for the SANDAG audit; therefore procedure N did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- O. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings and recommendations were noted in the prior year audit. Therefore, procedure O did not apply.

- P. Proposed current year findings as a result of performing the above agreed-upon procedures. Included NCTD's response to address the finding

**Findings:** No findings and recommendations were noted. Therefore, procedure P did not apply.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on NCTD's compliance assertion on its utilization of *TransNet* funds administered by SANDAG. 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 22, 2010

**North County Transit District**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project**  
**For the year ended June 30, 2009**

**Exhibit A**

| MPO  |  | Project Status              |                      |                    |                         | Project               |                         |
|--|--|-----------------------------|----------------------|--------------------|-------------------------|-----------------------|-------------------------|
| ID #   | Project Name                                     | as reported<br>July 1, 2008 | Funds<br>Received    | Interest<br>Income | Project<br>Expenditures | Agency<br>Adjustments | Status<br>June 30, 2009 |
| <i>TransNet</i>  |  |                             |                      |                    |                         |                       |                         |
| <b>Capital</b>   |  |                             |                      |                    |                         |                       |                         |
| <i>Transit</i>   |  |                             |                      |                    |                         |                       |                         |
| NCTD 16  | Inland (O-E Line)                                | \$ 33,235                   | \$ -                 | \$ -               | \$ (899)                | \$ (356)              | \$ 31,980 (a)           |
| NCTD 18  | Coastal  | 1,167,828                   | -                    | 13,633             | (72,043)                | -                     | 1,109,418               |
|  | STP Projects and Services                        | 28,877                      | -                    | 334                | (659)                   | -                     | 28,552                  |
| <i>Bike and Pedestrian</i>                             |  |                             |                      |                    |                         |                       |                         |
| NCTD 115   | Bicycles   | 5,601                       | -                    | 66                 | -                       | -                     | 5,667                   |
|  | <b>Total Capital</b>                             | <u>1,235,541</u>            | <u>-</u>             | <u>14,033</u>      | <u>(73,601)</u>         | <u>(356)</u>          | <u>1,175,617</u>        |
|  | <b>Total TransNet</b>                            | <u>\$ 1,235,541</u>         | <u>\$ -</u>          | <u>\$ 14,033</u>   | <u>\$ (73,601)</u>      | <u>\$ (356)</u>       | <u>\$ 1,175,617</u>     |
| <i>TransNet Extension</i>                              |  |                             |                      |                    |                         |                       |                         |
| <b>Operating</b>                                       |  |                             |                      |                    |                         |                       |                         |
| <i>Senior and Disabled Transportation</i>              |  |                             |                      |                    |                         |                       |                         |
| NCTD 03  | Elderly and Disabled                             | \$ -                        | \$ 255,683           | \$ -               | \$ (255,683)            | \$ -                  | \$ -                    |
| <i>Transit</i>   |  |                             |                      |                    |                         |                       |                         |
| NCTD 16B   | Sprinter   | -                           | 1,299,000            | -                  | (1,299,000)             | -                     | -                       |
| NCTD 34  | Coaster  | -                           | 8,412,273            | -                  | (8,412,273)             | -                     | -                       |
|  | <b>Total Operating</b>                           | <u>-</u>                    | <u>9,966,956</u>     | <u>-</u>           | <u>(9,966,956)</u>      | <u>-</u>              | <u>-</u>                |
| <b>Capital</b>   |  |                             |                      |                    |                         |                       |                         |
| <i>Major Corridor</i>                                  |  |                             |                      |                    |                         |                       |                         |
| NCTD 16  | Inland (O-E Line)                                | 314,702                     | 34,000,000           | 17,003             | (34,143,896)            | -                     | 187,809                 |
| NCTD 40  | Rail Station Improvements                        | 1,188,373                   | -                    | 14,411             | (46,216)                | 6,559                 | 1,163,127 (b)           |
| NCTD 41  | San Luis Rey Transit Center                      | 166,334                     | -                    | -                  | (159,775)               | (6,559)               | - (b)                   |
| <i>Bike, Pedestrian and Neighborhood Safety (BPNS)</i> |  |                             |                      |                    |                         |                       |                         |
| V 01   | Inland Trail                                     | (1,123,565)                 | 3,870,000            | 23,390             | (1,957,011)             | -                     | 812,814                 |
|  | <b>Total Capital</b>                             | <u>545,844</u>              | <u>37,870,000</u>    | <u>54,804</u>      | <u>(36,306,898)</u>     | <u>-</u>              | <u>2,163,750</u>        |
|  | <b>Total TransNet Extension</b>                  | <u>\$ 545,844</u>           | <u>\$ 47,836,956</u> | <u>\$ 54,804</u>   | <u>\$ (46,273,854)</u>  | <u>\$ -</u>           | <u>\$ 2,163,750</u>     |
|  | <b>Total TransNet and<br/>TransNet Extension</b> | <u>\$ 1,781,385</u>         | <u>\$ 47,836,956</u> | <u>\$ 68,837</u>   | <u>\$ (46,347,455)</u>  | <u>\$ (356)</u>       | <u>\$ 3,339,367</u>     |

Notes:

a) Reduced advance grant account by \$356 for expenditures prior to FY 09 which had not been previously deducted.

b) Transferred interest income from NCTD 41 to NCTD 40.

# North County Transit District

Exhibit B

## TransNet Extension Activities

### Schedule B - Cumulative Schedule of Status of Funds by Projects

For the year ended June 30, 2009

| MPO ID   | Project Name                    | Funds Received       | Interest Income   | Project Expenditures   | Agency Adjustments | Project Status June 30, 2009 |
|--|---------------------------------|----------------------|-------------------|------------------------|--------------------|------------------------------|
| <i>TransNet Extension</i>                              |                                 |                      |                   |                        |                    |                              |
| <b>Operating</b>                                       |                                 |                      |                   |                        |                    |                              |
| <i>Senior and Disabled Transportation</i>              |                                 |                      |                   |                        |                    |                              |
| NCTD 03  | Elderly and Disabled            | \$ 255,683           | \$ -              | \$ (255,683)           | \$ -               | \$ -                         |
| <i>Transit</i>   |                                 |                      |                   |                        |                    |                              |
| NCTD 16B   | Sprinter                        | 1,299,000            | -                 | (1,299,000)            | -                  | -                            |
| NCTD 34  | Coaster                         | 8,412,273            | -                 | (8,412,273)            | -                  | -                            |
|  | <b>Total Operating</b>          | <u>9,966,956</u>     | <u>-</u>          | <u>(9,966,956)</u>     | <u>-</u>           | <u>-</u>                     |
| <b>Capital</b>   |                                 |                      |                   |                        |                    |                              |
| <i>Major Corridor</i>                                  |                                 |                      |                   |                        |                    |                              |
| NCTD 16  | Inland (O-E Line)               | 58,070,000           | 331,706           | (58,213,897)           | -                  | 187,809                      |
| NCTD 40  | Rail Station Improvements       | 1,230,000            | 31,438            | (104,870)              | 6,559              | 1,163,127                    |
| NCTD 41  | San Luis Rey Transit Center     | 459,699              | 6,559             | (459,699)              | (6,559)            | -                            |
| <i>Bike, Pedestrian and Neighborhood Safety (BPNS)</i> |                                 |                      |                   |                        |                    |                              |
| V 01   | Inland Trail                    | 3,870,000            | 23,390            | (3,080,576)            | -                  | 812,814                      |
|  | <b>Total Capital</b>            | <u>63,629,699</u>    | <u>393,093</u>    | <u>(61,859,042)</u>    | <u>-</u>           | <u>2,163,750</u>             |
|  | <b>Total TransNet Extension</b> | <u>\$ 73,596,655</u> | <u>\$ 393,093</u> | <u>\$ (71,825,998)</u> | <u>\$ -</u>        | <u>\$ 2,163,750</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 North County Transit District (NCTD) funding.

# San Diego Association of Governments

San Diego, California

*TransNet Fund*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2009*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

**San Diego Association of Governments**  
*TransNet Fund*

**Table of Contents**

---

|  | <u>Page</u> |
|--|-------------|
| <b>Independent Accountants' Report</b> .....                           | 1           |
| <b>Exhibits:</b>   |             |
| A. Schedule A - Schedule of Status of Funds by Project.....            | 7           |
| B. Schedule B - Cumulative Schedule of Status of Funds by Project..... | 10          |



Caporicci & Larson  
Certified Public Accountants

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

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the Diego Association of Governments (SANDAG) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG in evaluating the compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the fiscal year ended June 30, 2009.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

### Procedures Performed:

- A. 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).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of the SANDAG's management and determined that the SANDAG maintains a separate fund for *TransNet* revenues.

**Findings:** No findings were noted.

- D. For the *TransNet* Fund, obtained from the SANDAG a detailed general ledger.

**Findings:** No findings were noted.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

E. Obtained from the recipient agency the Annual Schedule of Status of Funds by Project (Schedule A). Schedule A included a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

- a. Reviewed Schedule A and determined that projects were 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). Agreed the beginning balance from the prior year or provided footnote for any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues received through June 30 of the fiscal year.
  - i. Reviewed the total funds received per Schedule A and agreed to the *TransNet* SANDAG by *TransNet* program and compared to Schedule A. Provide reconciliation on Schedule A, if necessary.

**Findings:** No findings were noted.

- c. Identified the interest income for the fiscal year.
  - i. Reviewed the interest income amount per Schedule A and agreed to the *TransNet* general ledger.
  - ii. Reviewed interest was applied to each active project that carries a positive beginning balance.
  - iii. Reviewed the interest distribution methodology.

**Findings:** There were no active projects that carry a positive beginning balance. Therefore, the procedure did not apply.

- d. Identified the total *TransNet* expenditures for the fiscal year.
  - i. Reviewed the total project expenditures per Schedule A and agreed to the *TransNet* general ledger.
  - ii. 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). Reviewed the selection was representative of all types of expenditures and included a range of dollar amounts.
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditures were an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- e. Reviewed that any amounts reflected 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.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from the SANDAG. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project. Completed projects from the previous year were no longer shown in the current year Schedule A.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to Schedule A was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from the SANDAG's governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- j. Reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

**Findings:** No findings were noted.

- F. Obtained from the SANDAG the Cumulative Schedule of Status of Funds by Project (Schedule B). Schedule B included cumulative information for all multi-year *TransNet* projects to include *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID.

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

**Findings:** No findings were noted.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

- G. Reviewed the ending fund balance per Schedule A for those projects that were derived from the SANDAG's annual *TransNet* apportionment was not more than 30% of the SANDAG's current year annual apportionment, net of debt service payments. Included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

**Findings:** This procedure is designated for cities or county. SANDAG is not a recipient of an annual allocation; therefore, Procedure G did not apply.

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

**Findings:** This procedure is designated for cities or county; therefore, Procedure H did not apply to the SANDAG.

- I. Reviewed the maintenance of effort (MOE) requirement for the SANDAG.

**Findings:** SANDAG is not a city or county; therefore Procedure I did not apply.

- J. In accordance with Section 8 of the Ordinance, performed MOE re-indexing every three years.

**Findings:** SANDAG is not a city or county; therefore Procedure I did not apply.

- K. Reviewed transit operator eligibility for receipt of funds. Reviewed and reported 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 does not exceed the increase in the CPI.

**Findings:** SANDAG is not a transit operator; therefore, Procedure K did not apply.

- L. Obtained from SANDAG the approved RTCIP funding program for the current fiscal year.

**Findings:** SANDAG is not a city or county; therefore Procedure L did not apply.

- M. For ITOC only, reviewed ITOC expenditures to determine if they were necessary and reasonable in carrying out ITOC 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."

**Findings:** This procedure is only designed for the ITOC audit; therefore, procedure M did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

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

- a. Reviewed that the total administrative expenditures did not exceed one percent of annual *TransNet* apportioned revenues plus any funds not utilized in prior years.
- b. Reviewed that the administrative expenditures may be expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

**Findings:** No findings were noted.

O. For SANDAG only, per ITOC, performed the additional procedures regarding the annual allocations contributed to Local Street Improvements.

- a. Inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total fund contributed per jurisdiction.
- b. Reviewed the FY 2009 *TransNet* Local Street Improvements Allocation Schedule and determined that at least 70% of the revenues provided for Local Street Improvements purposes are used for congestion relief purposes and that no more than 30% for maintenance purposes.

**Findings:** No findings were noted.

P. Reviewed the prior year findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings and recommendations were noted in the prior year audit. Therefore, procedure P did not apply.

Q. Proposed current year findings as a result of performing the above agreed-upon procedures. Included SANDAG's response to address the finding.

**Findings:** No findings and recommendations were noted. Therefore, procedure Q did not apply.

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the SANDAG's compliance assertion on its utilization 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 use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
January 22, 2010

**San Diego Association of Governments**  
**TransNet and TransNet Extension Activities**  
**Schedule A - Schedule of Status of Funds by Project**  
**For the year ended June 30, 2009**

Exhibit A

| MPO<br>ID              | CIP #   | Project Name                    | Project                |                   |                    | Project                 |                       |                         |
|------------------------|---------|---------------------------------|------------------------|-------------------|--------------------|-------------------------|-----------------------|-------------------------|
|                        |         |                                 | Status<br>July 1, 2008 | Funds<br>Received | Interest<br>Income | Project<br>Expenditures | Agency<br>Adjustments | Status<br>June 30, 2009 |
| <b>TransNet</b>        |         |                                 |                        |                   |                    |                         |                       |                         |
| <b>Highways</b>        |         |                                 |                        |                   |                    |                         |                       |                         |
| SAN13                  | 1142600 | Joint Transit Operations Center | \$ -                   | \$ 113            | \$ -               | \$ (113)                | \$ -                  | \$ -                    |
| SAN13                  | 3310400 | I-15 Violation Enforce. Study   | -                      | 98,423            | -                  | (98,423)                | -                     | -                       |
| SAN13                  | 3310501 | ATIS SD Region                  | -                      | 168,254           | -                  | (168,254)               | -                     | -                       |
| SAN13                  | 3310504 | ATIS Corridorwide CVO           | -                      | 34,936            | -                  | (34,936)                | -                     | -                       |
| SAN13                  | 3311100 | Regional ITS Project Mgmt.      | -                      | 66,807            | -                  | (66,807)                | -                     | -                       |
| <b>Subtotal SAN 13</b> |         |                                 | -                      | 368,533           | -                  | (368,533)               | -                     | -                       |
| <b>Total Highways</b>  |         |                                 | \$ -                   | \$ 368,533        | \$ -               | \$ (368,533)            | \$ -                  | \$ -                    |
| <b>Bicycles</b>        |         |                                 |                        |                   |                    |                         |                       |                         |
| NCTD114                | 6000106 | Sorrento Valley Coaster Station | -                      | 2,401             | -                  | (2,401)                 | -                     | -                       |
| SAN50                  | 6000106 | Regional Bicycle Locker Program | -                      | 128,621           | -                  | (128,621)               | -                     | -                       |
| <b>Total Bicycles</b>  |         |                                 | \$ -                   | \$ 131,022        | \$ -               | \$ (131,022)            | \$ -                  | \$ -                    |
| <b>Transit</b>         |         |                                 |                        |                   |                    |                         |                       |                         |
| SAN23                  | 1041501 | Mid-Coast LRT                   | -                      | 496,088           | -                  | (83,826)                | (412,262)             | - (a)                   |
| SAN23                  | 1040300 | Santee LRT Extension            | -                      | 1,551             | -                  | (1,551)                 | -                     | -                       |
| SAN23                  | 1041600 | Mission Valley West LRT Ext.    | -                      | 14,023            | -                  | (14,023)                | -                     | -                       |
| SAN23                  | 1095400 | LFV Station Platform Retrofit   | -                      | (560,783)         | -                  | -                       | 560,783               | - (b)                   |
| SAN23                  | 1210001 | Blue Line Upgrade               | -                      | (67,000)          | -                  | -                       | 67,000                | - (c)                   |
| <b>Subtotal SAN 23</b> |         |                                 | -                      | (116,121)         | -                  | (99,400)                | 215,521               | -                       |
| <b>Total Transit</b>   |         |                                 | \$ -                   | \$ (116,121)      | \$ -               | \$ (99,400)             | \$ 215,521            | \$ -                    |
| <b>Total TransNet</b>  |         |                                 | \$ -                   | \$ 383,434        | \$ -               | \$ (598,955)            | \$ 215,521            | \$ -                    |

(continued)

**Notes:**

- (a) Swapped prior year State Transportation Improvement Program funds with *TransNet*.
- (b) Negative balance in project due to adjustment of prior year expenses.
- (c) Funding source changed from Transit to Major Corridor in FY2009. Returned \$67,000 in prior year Transit funds.

# San Diego Association of Governments

Exhibit A

## TransNet and TransNet Extension Activities

### Schedule A - Schedule of Status of Funds by Project, Continued

For the year ended June 30, 2009

| MPO   | ID     | CIP #       | Project Name   | Project             |                |                 | Project              |                    | Project Status |
|---|--------|-------------|--|---------------------|----------------|-----------------|----------------------|--------------------|----------------|
|   |        |             |  | Status July 1, 2008 | Funds Received | Interest Income | Project Expenditures | Agency Adjustments |                |
| <b>TransNet Extension Administration</b>                              |        |             |  |                     |                |                 |                      |                    |                |
|   |        |             | SANDAG Administration                                | \$ -                | \$ 2,205,000   | \$ -            | \$ (2,205,000)       | \$ -               | \$ - (d)       |
|   |        |             | <b>Total Administration</b>                          | \$ -                | \$ 2,205,000   | \$ -            | \$ (2,205,000)       | \$ -               | \$ -           |
| <b>Bike, Pedestrian &amp; Neighborhood Safety (BPNS)</b>              |        |             |  |                     |                |                 |                      |                    |                |
|   | SAN81  | 75067/11437 | Bayshore Bikeway - Main to 32nd                      | -                   | 31,878         | -               | (31,878)             | -                  | -              |
|   |        |             | <b>Total BPNS</b>                                    | \$ -                | \$ 31,878      | \$ -            | \$ (31,878)          | \$ -               | \$ -           |
| <b>Senior Services</b>  |        |             |  |                     |                |                 |                      |                    |                |
|   | NCTD34 | 1270100     | NCTD - Mobility/Travel Training Program              | -                   | 29,199         | -               | (29,199)             | -                  | -              |
|   | SAN70  | 1271000     | Jewish Family Services - Rides & Smiles              | -                   | 32,590         | -               | (32,590)             | -                  | -              |
|   | SAN85  | 1270200     | All Congregations Together - ComLink Transportation  | -                   | 16,533         | -               | (16,533)             | -                  | -              |
|   | SAN86  | 1270300     | Alpha Project - Senior Transportation Program        | -                   | 11,814         | -               | (11,814)             | -                  | -              |
|   | SAN87  | 1270700     | Elderhelp - Volunteer Driver Program                 | -                   | 45,489         | -               | (45,489)             | -                  | -              |
|   | SAN89  | 1270900     | ITN San Diego - Volunteer Driver Program             | -                   | 27,780         | -               | (27,780)             | -                  | -              |
|   | SAN90  | 1271100     | Peninsula Shepherd Senior Center - Volunteer Driver  | -                   | 2,776          | -               | (2,776)              | -                  | -              |
|   |        |             | <b>Total Senior Services</b>                         | \$ -                | \$ 166,181     | \$ -            | \$ (166,181)         | \$ -               | \$ -           |
| <b>Transit System Improvements</b>                                    |        |             |  |                     |                |                 |                      |                    |                |
|   | SAN43A |             | Reduced Price Subsidy                                | -                   | 5,500,000      | -               | (5,500,000)          | -                  | -              |
|   |        |             | <b>Total Transit System Improvements</b>             | \$ -                | \$ 5,500,000   | \$ -            | \$ (5,500,000)       | \$ -               | \$ -           |
| <b>Regional Environmental Mitigation Program (EMP) - Pass Through</b> |        |             |  |                     |                |                 |                      |                    |                |
|   | V07    | 12002xx     | Caltrans   | -                   | 7,183,388      | -               | (7,183,388)          | -                  | -              |
|   |        |             | <b>Total Regional EMP - Pass Through</b>             | \$ -                | \$ 7,183,388   | \$ -            | \$ (7,183,388)       | \$ -               | \$ -           |
| <b>Regional Environmental Mitigation Program (EMP)</b>                |        |             |  |                     |                |                 |                      |                    |                |
|   | V07    | 12002xx     | Biological Mitigation                                | -                   | 8,969,819      | -               | (8,969,819)          | -                  | -              |
|   | V08    | 12003xx     | Regional Habitat Conservation Fund                   | -                   | 1,810,339      | -               | (1,810,339)          | -                  | -              |
|   |        |             | <b>Total Regional EMP</b>                            | \$ -                | \$ 10,780,158  | \$ -            | \$ (10,780,158)      | \$ -               | \$ -           |
| <b>Major Corridor - Pass Through</b>                                  |        |             |  |                     |                |                 |                      |                    |                |
|   | CAL09  | 1200501     | Interstate 5 - HOV Managed Lanes                     | -                   | 28,550         | -               | (28,550)             | -                  | -              |
|   | CAL09A | 1200502     | I-5 Lomas Santa Fe Interchange/HOV Lanes             | -                   | 8,206,500      | -               | (8,206,500)          | -                  | -              |
|   | CAL09C | 1280505     | I-805 Direct Access Ramp and HOV at Carroll Canyon   | -                   | 3,810,000      | -               | (3,810,000)          | -                  | -              |
|   | CAL18  | 1201502     | I-15 Managed Lanes-Middle Segment                    | -                   | 1,611,800      | -               | (1,611,800)          | -                  | -              |
|   | CAL18A | 1201503     | I-15 Managed Lanes-North Segment                     | -                   | 6,725,000      | -               | (6,725,000)          | -                  | -              |
|   | CAL26  | 1205203     | State Route 52 Freeway (E&F)                         | -                   | 4,325,000      | -               | (4,325,000)          | -                  | -              |
|   | CAL26A | 1205201     | SR 52 - Managed Lanes                                | -                   | (627,549)      | -               | -                    | 627,549            | - (e)          |
|   | CAL26B | 1205202     | SR 52 Aux Lanes, Truck Lane, and Inside Widening     | -                   | 18,940,000     | -               | (18,940,000)         | -                  | -              |
|   | CAL29  | 1207602     | SR 76 Middle   | -                   | 19,085,614     | -               | (19,085,614)         | -                  | -              |
|   | CAL29B | 1207606     | SR 76 East   | -                   | 540,000        | -               | (540,000)            | -                  | -              |
|   | CAL78B | 1280503     | I-805 HOV/Managed Lanes - North                      | -                   | 1,802,000      | -               | (1,802,000)          | -                  | -              |
|   | NCTD16 | 1230001     | North County Transit District                        | -                   | 34,000,000     | -               | (34,000,000)         | -                  | -              |
|   | SAN04  | 1201504     | I-15 Managed Lane/Value Pricing                      | -                   | 220,000        | -               | (220,000)            | -                  | -              |
|   | SAN26  | 1201505     | I-15 BRT Transit Stations                            | -                   | 100,000        | -               | (100,000)            | -                  | -              |
|   | 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 | -                   | 70,000         | -               | (70,000)             | -                  | -              |
|   | SAN47  | 1280504     | South Bay BRT  | -                   | 100,000        | -               | (100,000)            | -                  | -              |
|   |        | 1200100     | TransNet EAP Program Mgmt                            | -                   | 36,000         | -               | (36,000)             | -                  | -              |
|   |        |             | <b>Total Major Corridor - Pass Through</b>           | \$ -                | \$ 99,107,915  | \$ -            | \$ (99,735,464)      | \$ 627,549         | \$ -           |
|   |        |             | <b>TransNet Extension Subtotal</b>                   | \$ -                | \$ 124,974,520 | \$ -            | \$ (125,602,069)     | \$ 627,549         | \$ -           |

Notes:

(d) SANDAG 1% Administration also includes Overall Work Program Planning efforts.

(e) Excess TransNet received in previous years, returned to program in Fiscal Year 2009.

(continued)

# San Diego Association of Governments

Exhibit A

## TransNet and TransNet Extension Activities

### Schedule A - Schedule of Status of Funds by Project, Continued

For the year ended June 30, 2009

| MPO<br>ID  | CIP #         | Project Name   | Project                | Funds                 | Interest    | Project                 | Agency            | Project                 |
|--|---------------|--|------------------------|-----------------------|-------------|-------------------------|-------------------|-------------------------|
|  |               |  | Status<br>July 1, 2008 | Received              | Income      | Expenditures            | Adjustments       | Status<br>June 30, 2009 |
| <b>Subtotal TransNet Extension carried forward</b> |               |  | \$ -                   | \$ 124,974,520        | \$ -        | \$ (125,602,069)        | \$ 627,549        | \$ -                    |
| <b>Major Corridor</b>                              |               |  |                        |                       |             |                         |                   |                         |
| CAL09  | 1200501       | Interstate 5 - HOV Managed Lanes                     | -                      | 1,407,278             | -           | (1,407,278)             | -                 | -                       |
| CAL09A   | 1200502       | I-5 Lomas Santa Fe Interchange/HOV Lanes             | -                      | 123,315               | -           | (123,315)               | -                 | -                       |
| CAL09C   | 1280505       | I-805 Direct Access Ramp and HOV at Carroll Canyon   | -                      | 2,451,663             | -           | (2,451,663)             | -                 | -                       |
| CAL18  | 1201502       | I-15 Managed Lanes-Middle Segment                    | -                      | (66,143)              | -           | -                       | 66,143            | (f)                     |
| CAL18A   | 1201503       | I-15 Managed Lanes-North Segment                     | -                      | 2,166,857             | -           | (2,166,857)             | -                 | -                       |
| CAL18B   | 1201501       | I-15 Managed Lanes-South Segment                     | -                      | 2,534,342             | -           | (2,534,342)             | -                 | -                       |
| CAL26  | 1205203       | State Route 52 Freeway (E&F)                         | -                      | 5,810,033             | -           | (5,810,033)             | -                 | -                       |
| CAL26B   | 1205202       | SR 52 Truck Lane                                     | -                      | 195,868               | -           | (195,868)               | -                 | -                       |
| CAL29  | 1207602       | SR 76 Middle   | -                      | 2,528,627             | -           | (2,528,627)             | -                 | -                       |
| CAL29B   | 1207606       | SR 76 East   | -                      | 1,953,182             | -           | (1,953,182)             | -                 | -                       |
| CAL38  | 1390501       | SR-905 New Freeway                                   | -                      | 837,145               | -           | (837,145)               | -                 | -                       |
| CAL78B   | 1280503       | I-805 HOV/Managed Lanes - North                      | -                      | 1,118,524             | -           | (1,118,524)             | -                 | -                       |
| CAL78C   | 1280501       | I-805 HOV/Managed Lanes - South                      | -                      | 4,251,138             | -           | (4,251,138)             | -                 | -                       |
| SAN04  | 1201504       | I-15 Managed Lane/Value Pricing                      | -                      | 6,561,771             | -           | (6,561,771)             | -                 | -                       |
| SAN22  | 1145700       | Automated Fare Collection                            | -                      | 1,343,830             | -           | (1,343,830)             | -                 | -                       |
| SAN26  | 1201505       | I-15 BRT Transit Stations                            | -                      | 946,986               | -           | (946,986)               | -                 | -                       |
| SAN26A   | 1201508       | I-15 BRT Operations and Vehicles                     | -                      | 142,312               | -           | (142,312)               | -                 | -                       |
| SAN26C   | 1201507       | I-15 BRT Transit Stations - South                    | -                      | 186,822               | -           | (186,822)               | -                 | -                       |
| SAN27  | 1250001/13006 | San Ysidro Intermodal Freight Facility               | -                      | 430,007               | -           | (430,007)               | -                 | -                       |
| SAN31  | 1142300       | Escondido Maintenance Facility                       | -                      | 1,983,496             | -           | (1,983,496)             | -                 | -                       |
| SAN46  | 1041502       | Mid-Coast Super Loop                                 | -                      | 8,916,457             | -           | (8,916,457)             | -                 | -                       |
| SAN47  | 1280504       | South Bay BRT  | -                      | 2,839,130             | -           | (2,839,130)             | -                 | -                       |
| SAN54  | 5002000       | ITS Operations                                       | -                      | 192,250               | -           | (192,250)               | -                 | -                       |
| SAN66  | 1210001       | Blue Line Upgrade                                    | -                      | 1,757,687             | -           | (1,757,687)             | -                 | -                       |
| SAN67  | 1210002       | Blue Line Vehicles                                   | -                      | 2,335                 | -           | (2,335)                 | -                 | -                       |
| SAN68  | 1280507       | Vehicle Assist & Automation/Bus on Shoulder Services | -                      | 165,038               | -           | (165,038)               | -                 | -                       |
| SAN74  | 1143300       | Escondido Bus Rapid Transit                          | -                      | 505,150               | -           | (505,150)               | -                 | -                       |
| SAN76  | 1220001       | Orange Line Upgrade                                  | -                      | 6,895                 | -           | (6,895)                 | -                 | -                       |
| SAN78  | 1240001       | Mid-City Rapid Bus                                   | -                      | 470,603               | -           | (470,603)               | -                 | -                       |
| SAN79  | 1143401       | TLSF - At Grade Xing & Sync Imprv                    | -                      | 6,748                 | -           | (6,748)                 | -                 | -                       |
|  | 1045500       | Nobel Drive Coaster Station                          | -                      | 73                    | -           | (73)                    | -                 | -                       |
|  | 1046500       | Sorrento Valley Coaster Station                      | -                      | 43                    | -           | (43)                    | -                 | -                       |
| <b>Total Major Corridor</b>                        |               |  | <u>\$ -</u>            | <u>\$ 51,769,462</u>  | <u>\$ -</u> | <u>\$ (51,835,605)</u>  | <u>\$ 66,143</u>  | <u>\$ -</u>             |
| <b>Total TransNet Extension:</b>                   |               |  | <u>\$ -</u>            | <u>\$ 176,743,982</u> | <u>\$ -</u> | <u>\$ (177,437,674)</u> | <u>\$ 693,692</u> | <u>\$ -</u>             |
| <b>Total TransNet and TransNet Extension</b>       |               |  | <u>\$ -</u>            | <u>\$ 177,127,416</u> | <u>\$ -</u> | <u>\$ (178,036,629)</u> | <u>\$ 909,213</u> | <u>\$ -</u>             |

**Notes:**

(f) Swapped prior year TransNet with Surface Transportation Program (STP) funds.

# San Diego Association of Governments

Exhibit B

## TransNet Extension Activities

### Schedule B - Cumulative Schedule of Status of Funds by Project

For the year ended June 30, 2009

| MPO ID  | Project #       | Project Name   | Total Funds Received | Total Project Expenditures | Total Agency Adjustments | Project Status June 30, 2009 |
|---|-----------------|--|----------------------|----------------------------|--------------------------|------------------------------|
| <b>TransNet Extension</b>   |                 |  |                      |                            |                          |                              |
| <b>Administration</b>   |                 |  |                      |                            |                          |                              |
|   |                 | SANDAG Administration                                | \$ 2,205,000         | \$ (2,205,000)             | \$ -                     | \$ -                         |
|   |                 | <b>Total Administration</b>                          | <b>\$ 2,205,000</b>  | <b>\$ (2,205,000)</b>      | <b>\$ -</b>              | <b>\$ -</b>                  |
| <b>Bike, Pedestrian &amp; Neighborhood Safety (BPNS)</b>              |                 |  |                      |                            |                          |                              |
| SAN81   | 75067/11437     | Bayshore Bikeway - Main to 32nd                      | 31,878               | (31,878)                   | -                        | -                            |
|   |                 | <b>Total BPNS</b>                                    | <b>\$ 31,878</b>     | <b>\$ (31,878)</b>         | <b>\$ -</b>              | <b>\$ -</b>                  |
| <b>Senior Services</b>  |                 |  |                      |                            |                          |                              |
| NCID34  | 1270100         | NCID - Mobility/Travel Training Program              | 29,199               | (29,199)                   | -                        | -                            |
| SAN70   | 1271000         | Jewish Family Services - Rides & Smiles              | 32,590               | (32,590)                   | -                        | -                            |
| SAN85   | 1270200         | All Congregations Together - ComLink Transportation  | 16,533               | (16,533)                   | -                        | -                            |
| SAN86   | 1270300         | Alpha Project - Senior Transportation Program        | 11,814               | (11,814)                   | -                        | -                            |
| SAN87   | 1270700         | Elderhelp - Volunteer Driver Program                 | 45,489               | (45,489)                   | -                        | -                            |
| SAN89   | 1270900         | ITN San Diego - Volunteer Driver Program             | 27,780               | (27,780)                   | -                        | -                            |
| SAN90   | 1271100         | Peninsula Shepherd Senior Center - Volunteer Driver  | 2,776                | (2,776)                    | -                        | -                            |
|   |                 | <b>Total Senior Services</b>                         | <b>\$ 166,181</b>    | <b>\$ (166,181)</b>        | <b>\$ -</b>              | <b>\$ -</b>                  |
| <b>Transit System Improvements</b>                                    |                 |  |                      |                            |                          |                              |
| SAN43A  |                 | Reduced Price Subsidy                                | 5,500,000            | (5,500,000)                | -                        | -                            |
|   |                 | <b>Total Transit System Improvements</b>             | <b>\$ 5,500,000</b>  | <b>\$ (5,500,000)</b>      | <b>\$ -</b>              | <b>\$ -</b>                  |
| <b>Regional Environmental Mitigation Program (EMP) - Pass Through</b> |                 |  |                      |                            |                          |                              |
| V07   | 1200202         | Caltrans   | 28,423,588           | (44,546,588)               | 16,123,000               | -                            |
|   |                 | <b>Total Regional EMP - Pass Through</b>             | <b>\$ 28,423,588</b> | <b>\$ (44,546,588)</b>     | <b>\$ 16,123,000</b>     | <b>\$ -</b>                  |
| <b>Regional Environmental Mitigation Program (EMP)</b>                |                 |  |                      |                            |                          |                              |
| V07   | 12002xx         | Biological Mitigation                                | 10,728,511           | (11,227,483)               | 498,972                  | -                            |
| V08   | 12003xx         | Regional Habitat Conservation Fund                   | 3,556,059            | (3,556,059)                | -                        | -                            |
|   |                 | <b>Total Regional EMP</b>                            | <b>\$ 14,284,570</b> | <b>\$ (14,783,542)</b>     | <b>\$ 498,972</b>        | <b>\$ -</b>                  |
| <b>Major Corridor - Pass Through</b>                                  |                 |  |                      |                            |                          |                              |
| CAL09   | 1200501         | Interstate 5 - HOV Managed Lanes                     | 6,303,550            | (6,303,550)                | -                        | -                            |
| CAL09A  | 1200502         | I-5 Lomas Santa Fe Interchange/HOV Lanes             | 18,946,555           | (18,946,555)               | -                        | -                            |
| CAL09C  | 1280505         | I-805 Direct Access Ramp and HOV at Carroll Canyon   | 6,465,000            | (6,465,000)                | -                        | -                            |
| CAL18   | 1201502         | I-15 Managed Lanes-Middle Segment                    | 3,242,800            | (3,242,800)                | -                        | -                            |
| CAL18A  | 1201503         | I-15 Managed Lanes-North Segment                     | 16,549,259           | (16,549,259)               | -                        | -                            |
| CAL18B  | 1201501         | I-15 Managed Lanes-South Segment                     | 22,104,480           | (22,604,480)               | 500,000                  | -                            |
| CAL26   | 1205203         | State Route 52 Freeway (E&F)                         | 59,805,052           | (59,805,052)               | -                        | -                            |
| CAL26A  | 1205201         | SR 52 HOV/Managed Lanes                              | 3,089,451            | (2,579,451)                | (510,000)                | -                            |
| CAL26B  | 1280502/1205202 | SR 52 Aux Lanes, Truck Lane, and Inside Widening     | 25,274,000           | (25,274,000)               | -                        | -                            |
| CAL26C  | 1280502/1205202 | SR 52 Truck Lane                                     | 3,972,833            | (3,972,833)                | -                        | -                            |
| CAL29   | 1207602         | SR 76 Middle   | 24,184,114           | (8,071,114)                | (16,113,000)             | -                            |
| CAL29B  | 1207606         | SR 76 East   | 810,000              | (810,000)                  | -                        | -                            |
| CAL78   | 1280501/1280503 | I-805 HOV/Managed Lanes                              | 6,589,411            | (6,589,411)                | -                        | -                            |
| CAL78B  | 1280503         | I-805 HOV/Managed Lanes - North                      | 1,802,000            | (1,802,000)                | -                        | -                            |
| NCD16   | 1230001         | North County Transit District                        | 58,070,000           | (58,070,000)               | -                        | -                            |
| SAN04   | 1201504         | I-15 Managed Lane/Value Pricing                      | 220,000              | (220,000)                  | -                        | -                            |
| SAN26   | 1201505         | I-15 BRT Transit Stations                            | 100,000              | (100,000)                  | -                        | -                            |
| 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 | 70,000               | (70,000)                   | -                        | -                            |
| SAN47   | 1280504         | South Bay BRT  | 100,000              | (100,000)                  | -                        | -                            |
| SAN75   | 1201507         | I-15 BRT Transit Stations                            | 10,000               | (10,000)                   | -                        | -                            |
|   | 1200100         | TransNet EAP Program Mgmt                            | 36,000               | (36,000)                   | -                        | -                            |
|   |                 | <b>Total Major Corridor - Pass Through</b>           | <b>\$ 46,000</b>     | <b>\$ (46,000)</b>         | <b>\$ -</b>              | <b>\$ -</b>                  |
|   |                 | <b>Subtotal</b>                                      | <b>\$ 50,657,217</b> | <b>\$ (67,279,189)</b>     | <b>\$ 16,621,972</b>     | <b>\$ -</b>                  |

(continued)

# San Diego Association of Governments

Exhibit B

## TransNet Extension Activities

### Schedule B - Cumulative Schedule of Status of Funds by Project, Continued

For the year ended June 30, 2009

| MPO ID                | Project # | Project Name   | Total Funds Received  | Total Project Expenditures | Total Agency Adjustments | Project Status June 30, 2009 |
|-----------------------|-----------|--|-----------------------|----------------------------|--------------------------|------------------------------|
|                       |           | <b>Balance carried forward</b>                       | \$ 50,657,217         | \$ (67,279,189)            | \$ 16,621,972            | \$ -                         |
| <b>Major Corridor</b> |           |  |                       |                            |                          |                              |
| CAL09                 | 1200501   | Interstate 5 - HOV Managed Lanes                     | 3,926,256             | (3,926,256)                | -                        | -                            |
| CAL09A                | 1200502   | I-5 Lomas Santa Fe Interchange/HOV Lanes             | 486,620               | (486,620)                  | -                        | -                            |
| CAL09C                | 1280505   | I-805 Direct Access Ramp and HOV at Carroll Canyon   | 3,370,844             | (3,370,844)                | -                        | -                            |
| CAL18                 | 1201502   | I-15 Managed Lanes-Middle Segment                    | 986,565               | (986,565)                  | -                        | -                            |
| CAL18A                | 1201503   | I-15 Managed Lanes-North Segment                     | 7,640,408             | (7,640,408)                | -                        | -                            |
| CAL18B                | 1201501   | I-15 Managed Lanes-South Segment                     | 12,432,212            | (12,432,212)               | -                        | -                            |
| CAL26                 | 1205203   | State Route 52 Freeway (E&F)                         | 11,827,569            | (11,827,569)               | -                        | -                            |
| CAL26A                | 1205201   | SR 52 HOV/Managed Lanes                              | 2,978,559             | (2,978,559)                | -                        | -                            |
| CAL26B                | 1205202   | SR 52 Truck Lane                                     | 195,868               | (195,868)                  | -                        | -                            |
| CAL26C                | 1205202   | SR 52 Truck Lane                                     | (76,122)              | 73,242                     | 2,880                    | -                            |
| CAL29                 | 1207602   | SR 76 Middle   | 3,192,656             | (2,693,684)                | (498,972)                | -                            |
| CAL29B                | 1207606   | SR 76 East   | 3,800,946             | (3,800,946)                | -                        | -                            |
| CAL38                 | 1390501   | SR-905 New Freeway                                   | 837,145               | (837,145)                  | -                        | -                            |
| CAL78                 | 1280501/3 | I-805 HOV/Managed Lanes                              | 4,040,293             | (4,040,293)                | -                        | -                            |
| CAL78B                | 1280501/3 | I-805 HOV/Managed Lanes - North                      | 1,302,591             | (1,302,591)                | -                        | -                            |
| CAL78C                | 1280501/3 | I-805 HOV/Managed Lanes - South                      | 5,782,012             | (5,782,012)                | -                        | -                            |
| SAN04                 | 1201504   | I-15 Managed Lane/Value Pricing                      | 10,108,855            | (10,108,855)               | -                        | -                            |
| SAN22                 | 1145700   | Automated Fare Collection                            | 5,702,581             | (5,702,581)                | -                        | -                            |
| SAN26                 | 1201505   | I-15 BRT Transit Stations Project                    | 1,418,435             | (1,418,435)                | -                        | -                            |
| SAN26A                | 1201508   | I-15 BRT Operations and Vehicles                     | 1,260,167             | (1,260,167)                | -                        | -                            |
| SAN26C                | 1201507   | I-15 BRT Transit Stations - South                    | 186,822               | (186,822)                  | -                        | -                            |
| SAN27                 | 1250001   | SD&AE Mainline Freight Capacity                      | 470,319               | (470,319)                  | -                        | -                            |
| SAN31                 | 1142300   | Escondido Maintenance Facility                       | 1,983,496             | (1,983,496)                | -                        | -                            |
| SAN46                 | 1041502   | Mid-Coast Super Loop                                 | 11,033,065            | (11,033,065)               | -                        | -                            |
| SAN47                 | 1280504   | South Bay BRT  | 4,383,901             | (4,383,901)                | -                        | -                            |
| SAN54                 | 5002000   | ITS Operations                                       | 192,250               | (192,250)                  | -                        | -                            |
| SAN66                 | 1210001   | Blue Line Upgrade                                    | 1,818,064             | (1,818,064)                | -                        | -                            |
| SAN67                 | 1210002   | Blue Line Vehicles                                   | 2,853                 | (2,853)                    | -                        | -                            |
| SAN68                 | 1280507   | Vehicle Assist & Automation/Bus on Shoulder Services | 165,038               | (165,038)                  | -                        | -                            |
| SAN74                 | 1143300   | Escondido Bus Rapid Transit                          | 216,514               | (216,514)                  | -                        | -                            |
| SAN74                 | 1143300   | Escondido Bus Rapid Transit                          | 505,150               | (505,150)                  | -                        | -                            |
| 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                                   | 470,603               | (470,603)                  | -                        | -                            |
| SAN79                 | 1143401   | TLSP - At Grade Xing & Sync Imprv                    | 6,748                 | (6,748)                    | -                        | -                            |
|                       | 1045500   | Nobel Drive Coaster Station                          | 412                   | (412)                      | -                        | -                            |
|                       | 1046500   | Sorrento Valley Coaster Station                      | 351                   | (351)                      | -                        | -                            |
|                       | 1041501   | Mid-Coast LRT  | -                     | 99,673                     | (99,673)                 | -                            |
|                       | 1280502   | I-805 Middle   | -                     | 2,880                      | (2,880)                  | -                            |
|                       |           | <b>Total Major Corridor - Pass Through</b>           | <b>\$ 102,692,092</b> | <b>\$ (102,093,447)</b>    | <b>\$ (598,645)</b>      | <b>\$ -</b>                  |
|                       |           | <b>Total TransNet Extension</b>                      | <b>153,349,309</b>    | <b>(169,372,636)</b>       | <b>16,023,327</b>        | <b>-</b>                     |

**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 and Environmental Mitigation Program funding.