

CALTRANS

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the State of California, Department of Transportation (Caltrans) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. Caltrans' management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

Results: Per discussion with Caltrans management, *TransNet* revenues and expenditures are not recorded in a separate fund, but are part of the State Transportation Fund set of accounts of Caltrans. Within the Caltrans State

Transportation Fund set of accounts, separate subaccounts are maintained for *TransNet* by expenditure authorization and contributor number. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6 if submitted to SANDAG for concurrence. SANDAG has accepted Caltrans' alternative approach.

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

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

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

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

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

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

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

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

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

<i>TransNet</i> payments made by SANDAG	\$65,168,567
<i>TransNet</i> revenue recorded by Caltrans	(41,059,922)
Administrative error corrected in FY 2011	<u>105,271</u>
Variance	<u>\$24,213,916</u>

The variance was a result of the following:

FY 2010 revenues recorded in FY 2011	\$(7,958,000)
FY 2011 revenues recorded in FY 2012	19,523,700
Payment made directly to vendor by SANDAG	12,693,000
Not included on SANDAG list SR-54	(68,200)
Administrative error corrected in FY 2011	105,271
Not included on SANDAG list – Program Office	(80,000)
Not included on SANDAG list – <i>TransNet</i> BPNS	<u>(1,855)</u>
Variance	<u>\$24,213,916</u>

- d. We identified the interest income reported for the year ended June 30, 2011.

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

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency’s general ledger.

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

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

Results: Caltrans recorded total expenditures in the amount of \$37,820,204. We selected \$10,927,625 (28.89%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- g. We obtained a list of completed projects from the recipient agency that is reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

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

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

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

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

- 6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all

TransNet Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

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

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

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

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

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement for Caltrans.

Results: This procedure is not applicable as Caltrans is not subject to MOE requirements.

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

Results: This procedure is not applicable as Caltrans is not a transit operator.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

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

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

Results: This procedure is not applicable for Caltrans.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for Caltrans.

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

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for Caltrans

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Caltrans' receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
June 13, 2012

SCHEDULE A

CALTRANS

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID/ Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2011	Notes
TransNet:								
Highways:								
CAL01	Route 5	\$ (63,698)	\$ -	\$ -	\$ (3,324)	\$ -	\$ (67,022)	(a)
CAL26	Route 52	1,228,506	-	-	-	-	1,228,506	(g)
CAL31	Route 54/125	(378,253)	-	-	943,931	-	565,678	(h)
CAL31	SR-125 8 Lane Freeway	(3,741,826)	-	-	5,890,598	-	2,148,772	(h)
	Total CAL 31 Projects	(4,120,079)	-	-	6,834,529	-	2,714,450	
CAL69	Noise Barrier	4,005	-	-	3	-	4,008	
	Total Highways	(2,951,266)	-	-	6,831,208	-	3,879,942	
Bikes and Pedestrian:								
CAL92	SR-5 Bike Path	31,230	-	-	-	-	31,230	(i)
	Total Bikes and Pedestrian	31,230	-	-	-	-	31,230	
	Total TransNet	\$ (2,920,036)	\$ -	\$ -	\$ 6,831,208	\$ -	\$ 3,911,172	

SCHEDULE A

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

MPO ID/ Project Number	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status		Notes
		July 1, 2010	June 30, 2011							
TransNet Extension:										
Major Corridor:										
CAL09	I-5 North Coast	\$ 6,243,609	\$ 3,100,000	\$ -	\$ (4,474,809)	\$ -	\$ 4,868,800			
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	216,470	1,600,000	-	(320,058)	-	1,496,412			
CAL09 C	I-805 HOV / Carroll Canyon DAR	751,010	170,000	-	(656,433)	-	264,577			
CAL18	I-15 Managed Lanes - Middle Segment	1,405,907	510,000	-	(659,699)	-	1,256,208			
CAL18 A	I-15 Managed Lanes - North Segment	(10,257,012)	10,450,994	-	(11,075,016)	-	(10,881,034)			(b)
CAL18 B	I-15 Managed Lanes - South Segment	4,557,361	5,353,000	-	(7,901,230)	-	2,009,131			
CAL26	SR 52 Freeway E&F	2,445,229	1,529,200	-	(2,602,346)	-	269,034			(e)
CAL26 A	SR 52 HOV / Managed Lanes	365,820	-	-	(85)	-	(236,242)			(f)
CAL26 B	SR 52 Auxiliary Lanes	622,063	1,318,000	-	(1,735,466)	-	440,839			(f)
CAL29	SR 76 Middle	2,880,039	2,520,000	-	(1,414,435)	-	3,985,604			
CAL29 B	SR 76 East	84,334	1,200,000	-	(1,860,397)	-	(576,063)			(b)
CAL38	SR-905 New Freeway	(145,105)	411,000	-	(133,735)	-	132,160			
CAL69	Noise Barrier	(973,037)	1,305,000	-	(65,086)	-	(269,034)			(b)(e)
CAL78 B	I-805 North	(387,409)	1,543,000	-	(1,291,753)	-	(136,162)			(b)
CAL78 C	I-805 South	1,411,230	5,952,000	-	(6,226,021)	-	1,137,209			(c)
CAL92	SR-5 Bike Path	-	-	-	(1,667)	-	(1,667)			
CAL120	Aux / Nordahl	(774,391)	1,870,000	-	(280,361)	-	815,248			
SAN04	I-15 FasTrak	216,778	-	-	(279,872)	-	(168,365)			(b)(k)
SAN26	I-15 BRT Stations - North	8,005	35,000	-	(15,437)	-	27,568			
SAN26C	I-15 BRT Stations - South	(109,053)	505,000	-	(328,699)	-	67,248			
SAN47	I-805 BRT	(22,423)	37,423	-	(15,076)	-	(76)			(b)
1200100	Program Office	33,786	80,000	-	(38,530)	-	75,256			
001952	Property Management	(98,986)	-	-	(26,191)	-	(125,177)			(i)
105319	Evergreen Prprty. Mgmt./Excess Land	(68,200)	68,200	-	-	-	-			
SAN21	I-15 Bike	-	-	-	(46,353)	-	(46,353)			(d)
Total Major Corridor		8,426,025	39,557,817	-	(41,448,755)	(105,271)	6,429,816			

SCHEDULE A

CALTRANS

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

MPO ID/ Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2011	Notes
	Major Corridor Environmental Mitigation Program (MC EMP):							
	Mitigation Program	\$ (515,443)	\$ 1,500,250	\$ -	\$ (3,201,529)	\$ -	\$ (2,216,722)	(b)
V07	Total MC EMP	(515,443)	1,500,250	-	(3,201,529)	-	(2,216,722)	
	Total <i>TransNet</i> Extension	\$ 7,910,582	\$ 41,058,067	\$ -	\$ (44,650,284)	\$ (105,271)	\$ 4,213,094	
	<i>TransNet</i> BPNS Program:							
SD191/SAN21	SR-15 Bike Path	-	1,855	-	(1,128)	-	727	
	Total BPNS	-	1,855	-	(1,128)	-	727	
	Total <i>TransNet</i> , <i>TransNet</i> Extension and BPNS	\$ 4,990,546	\$ 41,059,922	\$ -	\$ (37,820,204)	\$ (105,271)	\$ 8,124,993	

Notes:

- (a) Funding of these expenditures is pending and anticipated to be funded by *TransNet*.
- (b) Negative ending balance will be removed with next invoice to SANDAG in FY 12.
- (c) These expenditures are *TransNet* Highway, not *TransNet* Extension Major Corridor. In FY 12, an Expenditure Authorization (EA) adjustment will move these Highway on CAL92.
- (d) These expenditures are *TransNet*-BPNS not T-2 Major Corridor. In FY 12, an EA adjustment will move these expenditures to *TransNet* - BPNS.
- (e) Movements of excess deposit from CAL69 to CAL26 was documented in the *TransNet* Major Corridor Projects Q3 2011 with Q4 2011 projections invoice. These moves were discussed with SANDAG and documented in an email dated 1/21/11.
- (f) Movement of excess deposit from CAL26A to CAL26B was documented on the EAP Q2 2011 with the Q3 2011 Projections invoice.
- (g) This project will be in closed out in FY 13, any remaining funds will either be refunded to SANDAG or to cover expenditures on CAL01 if necessary.
- (h) This project was the subject of multiparty litigation, which was settled in 2011. Expenditures were moved out of the *TransNet* program to another fund in order to begin the close-out of the project.
- (i) This project is in the final stages of close out. Caltrans intends to have it completed in 2012 and refund any excess deposit.
- (j) This was an old *TransNet* Highway project. All *TransNet* Extension-Major Corridor expenditures will be moved out of this program to another funding source.
- (k) During FY 2010 the expenditures in this project were inflated by \$105,271 due to an administrative error that coded this amount as a *TransNet* receipt. This amount was reversed in the current fiscal year.

SCHEDULE B

CALTRANS

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
TransNet Extension:						
Major Corridor:						
CAL09	I-5 North Coast	12,403,550	\$ -	\$ (10,009,750)	2,475,000	\$ 4,868,800
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	20,546,555	-	(14,609,043)	(4,441,100)	1,496,412
CAL09 C	I-805 HOV / Carroll Canyon DAR	10,336,000	-	(12,648,023)	2,576,600	264,577
CAL18	I-15 Managed Lanes - Middle Segment	5,134,000	-	(4,289,792)	412,000	1,256,208
CAL18 A	I-15 Managed Lanes - North Segment	28,750,252	-	(39,631,286)	-	(10,881,034)
CAL18 B	I-15 Managed Lanes - South Segment	28,267,480	-	(23,940,349)	(2,318,000)	2,009,131
CAL26	SR 52 Freeway E&F	72,694,252	-	(59,402,469)	(11,650,666)	1,641,117
CAL26 A	SR 52 HOV / Managed Lanes	3,716,999	-	(2,703,714)	(863,792)	149,493
CAL26 B	SR 52 Auxiliary Lanes	31,366,832	-	(32,758,582)	1,832,589	440,839
CAL29	SR 76 Middle	21,510,429	-	(33,963,425)	16,438,600	3,985,604
CAL29 B	SR 76 East	2,135,000	-	(3,311,063)	600,000	(576,063)
CAL38	SR-905 New Freeway	411,000	-	(278,840)	-	132,160
CAL69	Noise Barrier	1,501,833	-	(1,234,956)	(269,034)	(2,157)
CAL78 B	I-805 North	6,502,000	-	(6,638,162)	-	(136,162)
CAL78 C	I-805 South	11,399,000	-	(15,461,791)	5,200,000	1,137,209
CAL92	SR-5 Bike Path	-	-	(1,667)	-	(1,667)
CAL120	Aux / Nordahl	1,870,000	-	(1,054,752)	-	815,248
SAN04	I-15 FasTrak	325,271	-	(403,665)	(89,971)	(168,365)
SAN26	I-15 BRT Stations - North	155,000	-	(132,432)	5,000	27,568
SAN26B&C	I-15 BRT Stations - South	790,000	-	(722,752)	-	67,248
SAN47	I-805 BRT	237,423	-	(237,499)	-	(76)
1200100	Program Office	260,000	-	(220,744)	36,000	75,256
001952	Property Management	-	-	(125,177)	-	(125,177)
105319	Evergreen Priptry. Mgmt./Excess Land	68,200	-	(68,200)	-	-
SAN21	I-15 Bike	-	-	(46,353)	-	(46,353)
Total Major Corridor		260,381,076	\$ -	(263,894,486)	9,943,226	6,429,816

SCHEDULE B

CALTRANS

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

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
	Balance carried forward	\$ 260,381,076	\$ -	\$ (263,894,486)	\$ 9,943,226	\$ 6,429,816
	Major Corridor Environmental Mitigation Program (MC EMP):					
V07	Mitigation Program	44,517,362	-	(34,192,972)	(12,541,112)	(2,216,722)
	Total MC EMP	44,517,362	-	(34,192,972)	(12,541,112)	(2,216,722)
	TransNet BPNS Program:					
SD191/SAN21	SR-15 Bike Path	1,855	-	(1,128)	-	727
	Total BPNS	1,855	-	(1,128)	-	727
	Total Cumulative <i>TransNet</i> Extension	\$ 304,900,293	\$ -	\$ (298,088,586)	\$ (2,597,886)	\$ 4,213,821

CITY OF CARLSBAD, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Carlsbad, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: See Finding Number 1 in the Findings and Recommendations section of this report.

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

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

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

Results: The City recorded total expenditures in the amount of \$136,502. We selected \$36,205 (26.52%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

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

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

apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is not in compliance with the 30% requirement. The fund balance over the apportionment is as follows. See Finding Number 2 in the Findings and Recommendations section of this report.

Fiscal year 2011 apportionment	\$2,090,469
Less: debt service payment	<u> -</u>
Net estimated apportionment	2,090,469
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	627,141
Less: local streets and roads fund balance	<u>(889,848)</u>
Fund balance over apportionment	<u><u>\$(262,707)</u></u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$ 8,643,205
Less MOE base year requirement	<u>(6,183,329)</u>
Excess MOE for fiscal year ended June 30, 2011	<u>\$ 2,459,876</u>

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

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

a. We obtained a general ledger for the RTCIP fund from the recipient agency.

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

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

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

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2011, or footnoted any restatements.

i. We determined that the recipient agency is using the most current approved fee amount.

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

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

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

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

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

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

the expenditures are for projects on the approved regional arterial system project list.

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

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

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

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

Results: This procedure is not applicable for the City.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

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

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

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

Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2011, this finding has not yet been resolved. See Finding Number 2 in the Findings and Recommendations section of this report.

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

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

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

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than this specified party.

Mayer Hoffman McCann P.C.

Irvine, California
June 13, 2012

CITY OF CARLSBAD, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2011

(1) **Need to Allocate Interest to Projects with a Positive Beginning Balance**

Interest was not allocated to a project with a beginning balance because of negative interest. The City of Carlsbad (City) allocates interest based upon the amount of cash the *TransNet* fund holds at the end of each month as a percentage of the total cash held by the City. The City uses three funds to track *TransNet* activity. One of the three funds was allocated negative interest, thus resulting in no interest being allocated to some projects with a positive beginning balance. The negative interest was due to a cash deficit for three months, since reimbursements from SANDAG were not sought in a timely manner.

Board Policy 031, Rule #6 states, in part:

“...Interest earned on *TransNet* revenues received by the agency must be allocated to the *TransNet* fund and used only for projects approved by the Commission in the Program of Projects...”

Recommendation

We recommend that the City allocate interest to all projects with a positive beginning balance as required by Rule #6 of Board Policy 031.

Management Response

The City will seek reimbursements in a more timely fashion.

CITY OF CARLSBAD, CALIFORNIA

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

Findings and Recommendations

(Continued)

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

As of June 30, 2011, the ending fund balance of the *TransNet* fund of the City was \$262,707, which exceeded 30% of its annual apportionment. This condition was previously reported in the prior two years.

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

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

Recommendation

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

Management Response

After discussion with SANDAG, the City’s *TransNet* drawdown policy was revised to comply with SANDAG’s Board Policy No. 031, Rule #17, Section IV (30% Rule). The City now only draws down funds when the City’s *TransNet* cash balance falls below the 30% threshold. Ending cash balances were the result of existing projects.

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA

TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
TransNet:									
Highways:									
01-H-004	3400000 38141	College Blvd./Cannon Rd	\$ 1,380,677	\$ -	\$ 18,966	\$ -	\$ -	\$ 1,399,643	
		Total Highways	1,380,677	-	18,966	-	-	1,399,643	
Local Streets and Roads:									
CB07	60011	Pavement Management/Street Overlay	932,989	-	-	(97,829)	-	835,160	(a)
CB09	35571	Bridge Replacement - Carlsbad Blvd.	33,968	-	-	-	-	33,968	(a)
CB17	60143	Carlsbad Blvd Bridge - Powerplant	-	-	-	-	4,774	4,774	(b)
CB18	60163	Carlsbad Blvd Bridge - Railroad	-	-	-	-	4,144	4,144	(b)
		Total Local Streets and Roads	966,957	-	-	(97,829)	8,918	878,046	
Bikes and Pedestrian:									
CB15	39601	Bicycle Master Plan	2,377	-	-	-	-	2,377	(a)(c)
01-B-006	34554	Coastal Rail Trail	23,785	-	-	(23,785)	-	-	(d)
		Total Bikes and Pedestrian	26,162	-	-	(23,785)	-	2,377	
		Total TransNet	\$ 2,373,796	\$ -	\$ 18,966	\$ (121,614)	\$ 8,918	\$ 2,280,066	

CITY OF CARLSBAD, CALIFORNIA

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

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		TransNet Extension:							
		Local Street Improvements:							
		Congestion Relief:							
		ECR Widening - Tamarack to Chestnut	\$ (15,174)	\$ -	\$ -	\$ (10,978)	\$ -	\$ (26,152)	(e)
CB04A	39572	Pavement Management - Overlay	37,954	-	-	-	-	37,954	(a)(f)
CB20	60011	Carlsbad Boulevard Realignment	-	3,000,000	-	-	(3,000,000)	-	(g)
CB36	60311								
		Total Congestion Relief	22,780	3,000,000	-	(10,978)	(3,000,000)	11,802	
		Bikes and Pedestrian:							
		Coastal Rail Trail	58,289	-	1,144	(3,910)	-	55,523	
V02	34554								
		Total Bikes and Pedestrian	58,289	-	1,144	(3,910)	-	55,523	
		GASB 31 Market Value Adjustment	-	-	(6,521)	-	-	(6,521)	
		Total TransNet Extension	\$ 81,069	\$ 3,000,000	\$ (5,377)	\$ (14,888)	\$ (3,000,000)	\$ 60,804	
		Total TransNet and TransNet Extension	\$ 2,454,865	\$ 3,000,000	\$ 13,589	\$ (136,502)	\$ (2,991,082)	\$ 2,340,870	

Notes:

- (a) This project was not allocated interest. See Finding Number 1 in the Findings and Recommendations section of this report.
- (b) Project expenditures were reallocated between the Federal and Local portions of the project to maintain the 88.53%/11.47% reimbursement ratio.
- (c) The project was completed during FY 11. The City will return funds to SANDAG during the beginning of FY 12.
- (d) This projects is complete. As such, no interest earnings were allocated to the project.
- (e) Due to the revision of the City's TransNet draw down policy to comply with SANDAG Board Policy No. 031, Section IV, Local Agency Balance Limitations (30% Rule), funds will only be drawn down when the City's cash balance falls below the 30% threshold. Once the City is in compliance with the 30% Rule, a reimbursement request will be submitted to SANDAG for payment.
- (f) CB20 had no activity this year as the City was using other one-time funding sources for the pavement management program first
- (g) Loan from TransNet to the South Carlsbad Coastal Redevelopment Agency to assist with the Carlsbad Boulevard Realignment project per Resolution 2010-172.

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
	<u>3420000</u>	TransNet Extension:					
		Local Street Improvements:					
		Congestion Relief:					
		ECR Widening - Tamarack to Chestnut	\$ -	\$ -	\$ (26,152)	\$ -	\$ (26,152)
CB20	60011	Pavement Management - Overlay	-	158	-	37,796	37,954
CB36	60311	Carlsbad Boulevard Realignment	3,000,000	-	-	(3,000,000)	-
		Total Congestion Relief	3,000,000	158	(26,152)	(2,962,204)	11,802
	<u>3410000</u>	Bikes and Pedestrian:					
V02	34554	Coastal Rail Trail	57,725	1,708	(3,910)	-	55,523
		Total Bikes and Pedestrian	57,725	1,708	(3,910)	-	55,523
		GASB 31 Market Value Adjustment	-	(6,521)	-	-	(6,521)
		Total Cumulative TransNet Extension	\$ 3,057,725	\$ (4,655)	\$ (30,062)	\$ (2,962,204)	\$ 60,804

SCHEDULE C

CITY OF CARLSBAD, CALIFORNIA

TransNet Extension Activities
 RTCIP Account
 Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Status June 30, 2011
Year ended June 30, 2009	\$ 436,674	\$ -	\$ 2,271	\$ (306,086)	\$ -	\$ 132,859
Year ended June 30, 2010	532,293	-	9,259	-	-	541,552
Year ended June 30, 2011	-	580,843	10,103	-	-	590,946
Total RTCIP funds	\$ 968,967	\$ 580,843	\$ 21,633	\$ (306,086)	\$ -	\$ 1,265,357

CITY OF CHULA VISTA, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

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

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Chula Vista, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: Negative interest was charged to the project with an "unallocated" line item. See Finding Number 1 in the Findings and Recommendation section of this report.

e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

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

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

Results: The City recorded total expenditures in the amount of \$5,449,747. We selected \$1,437,697 (26.38%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

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

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

h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A provided that includes the subsequent year's

intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

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

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

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

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

Fiscal year 2011 apportionment	\$4,122,881
Less: debt service payment	<u> -</u>
Net estimated apportionment	4,122,881
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	1,236,864
Less: fund balance per Schedule A	<u>(1,024,091)</u>
Fund balance under apportionment	<u>\$ 212,773</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$4,845,643
Less MOE base year requirement	<u>(4,166,208)</u>
Excess MOE for fiscal year ended June 30, 2011	<u>\$ 679,435</u>

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

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

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

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

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

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the recipient agency. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

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

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

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

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

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

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

Results: The City recorded total expenditures in the amount of \$16,488. We selected \$3,527 (21.39%) for testing. No exceptions were noted as a result of our procedures.

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

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

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

Results: This procedure is not applicable for the City.

- 13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

- 14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

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

Results: The City had one prior year finding in that City Council approval of a loan to the RTCIP fund \$125,143 was not obtained. Approval of the loan has not yet been obtained. As such, this finding has not been resolved. See Finding Number 2 in the Findings and Recommendations section of this report.

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

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

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

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McClann P.C.

Irvine, California
June 13, 2012

CITY OF CHULA VISTA, CALIFORNIA

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

Findings and Recommendations

(1) **Need to Allocate Interest in Accordance with Board Policy**

The City of Chula Vista (City) allocates interest based upon the average daily balance of the fund as a percentage of the overall average daily cash balance of the City. During the majority of the fiscal year, the *TransNet* fund carried a negative cash balance, since reimbursements from SANDAG were not sought in a timely manner. This negative interest is the equivalent of interest expense, which was not included on the Program of Projects approved by SANDAG.

Board Policy 031, Rule #6 states, in part:

“...Interest earned on *TransNet* revenues received by the agency must be allocated to the *TransNet* fund and used only for projects approved by the Commission in the Program of Projects...”

Recommendation

We recommend that the City prepare an adjustment and remove the interest expense that was charged in the *TransNet* fund. We also recommend that the City comply with Rule #6 of Board Policy 031 and revise its interest allocation methodology.

Management Response

A fund adjustment has been prepared by City staff to allocate sufficient funds from the Other Transportation Program Fund (Fund 736) to cover the negative interest charged to *TransNet*. The appropriation is scheduled for City Council approval in March 2012. In the future, the City will project its future spending requirements and draw down those funds prior to incurring the expense. This will avoid carrying a negative *TransNet* cash balance throughout the Fiscal Year. The City will periodically review the requested draw downs, as well as actual expenditures, and make the necessary adjustments, if any, prior to June 30th each year.

(2) **RTCIP Loans**

The City loaned the RTCIP fund \$125,143 to begin certain RTCIP approved projects. However, City Council approval of this loan was not obtained. This condition was reported in the prior year report.

CITY OF CHULA VISTA, CALIFORNIA

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

Findings and Recommendations (Continued)

(2) **RTCIP Loans (Continued)**

Recommendation

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

Management Response

The City of Chula Vista is in agreement with the recommendation that the City obtain approval from the City Council for the loans made to the RTCIP fund and will prepare an agenda statement to obtain City Council approval. It is anticipated that the loan requirements shall be addressed and will be included as an amendment to the FY 12 budget.

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		TransNet:							
		Local Streets and Roads:							
CHV01	STM328	Olympic Parkway/ I-805	\$ (17,997)	\$ -	\$ -	\$ -	\$ -	\$ (17,997)	(a)
CHV06	STL238	Pavement Rehabilitation 06-07	6,506,291	-	-	-	(6,506,291)	-	(b)
CHV06	STL286	Sidewalk Improvement Otay Lakes Rd.	(236,881)	-	-	-	236,881	-	(b)(n)
CHV06	STL310	Pavement Rehabilitation 04/05	1,956,267	-	(381)	-	(1,955,886)	-	(b)
CHV06	STL315	Pavement Rehabilitation 05/06	138,467	-	-	-	(138,467)	-	(b)
CHV06	STL316	Pavement Rehabilitation	2,396,835	-	-	-	-	2,396,835	(b)
CHV06	STL325	Pavement Testing & Management	(219,992)	-	(1,500)	-	221,492	-	(b)
CHV06	STL335	Pavement Rehabilitation 07/08	(4,414,656)	-	(19,141)	-	4,433,797	-	(b)
CHV06	STL340	Pavement Rehabilitation 06/07	(2,290,141)	-	(5,589)	-	621,080	(1,674,650)	(b)
CHV06	STL346	Pavement Minor Rehabilitation	(339,822)	-	(1,768)	-	341,590	-	(b)
CHV06	STL355	Pavement Minor Rehab 09/10	(450,000)	-	-	-	450,000	-	(b)
CHV06	SW233	Moss Street Woodlawn to Broadway	(1,104,243)	-	(46,601)	-	1,104,243	(46,601)	(b)
		Total CHV06 Projects	1,942,126	-	(74,980)	(1,191,561)	-	675,584	
CHV18	STL287	Castle Park Elementary Sidewalk Imprv.	121,445	-	-	-	(121,445)	-	(c)(d)
CHV18	STL291	Fourth Ave Sidewalk Improvement	703,188	-	-	(847,618)	125,517	(18,913)	(c)
CHV18	STL292	ADA Curb Cuts 03/04	(71)	-	-	-	71	-	(c)
CHV18	STL299	Third Ave. Sidewalks - D St. to 4th Ave.	45,681	-	-	-	(45,681)	-	(c)(d)
CHV18	STL307	Sidewalk Installation/ Rehabilitation 04/05	(35,165)	-	-	-	35,165	-	(c)
CHV18	STL321	Sidewalk Rehabilitation / Installation	194,965	-	-	-	-	194,965	(c)
CHV18	STL336	Sidewalk Rehabilitation / Installation	(5,557)	-	-	-	5,557	-	(c)
CHV18	STL347	Sidewalk Installation	(816)	-	-	-	816	-	(c)
CHV18	STL363	Sidewalk Safety Program	(24,360)	-	(85,360)	-	-	(109,720)	(c)
		Total CHV18 Projects	999,310	-	(932,978)	-	-	66,332	
		Subtotal Local Streets and Roads	2,923,439	-	(1,007,958)	(1,191,561)	-	723,919	

SCHEDULE A

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

MPO ID	CIP Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			\$ 2,923,439	\$ -	\$ -	\$ (1,007,958)	\$ (1,191,561)	\$ 723,919	
		Balance carried forward							
CHV19	STM354	North Broadway Pavement Reconstruction	-	-	-	(80,243)	(520,158)	(600,401)	(c)(k)
CHV29	STL328	L Street Imprv from Monserate to Nacio	470,008	-	-	(111,319)	-	358,689	
CHV33	TF345	School Zone Traffic Calming	157,225	-	-	(32,390)	-	124,835	
CHV33	TF362	Kids Walk/ Bike to School Phase II	(89,348)	-	-	(19,538)	-	(108,886)	
CHV33	STM368	Lauderbach Elem Schl Ped Imprv.	(1,221)	-	-	-	1,221	-	(c)
		Total CHV33 Projects	66,656	-	-	(51,928)	1,221	15,949	
CHV40	STL387	Bayshore Bikeway Segment 7 & 8	1,604	-	-	(1,604)	-	-	
CHV41	TF358	West Side Transportation DJF	206,710	-	-	(13,021)	-	193,689	
CHV42	TF353	Major Intersection Safety Program	6,498	-	-	-	-	6,498	(e)
CHV43	TF354	Traffic Congestion Relief Program	83,415	-	-	(26,387)	-	57,028	
CHV44	TF344	1805 Direct Access Ramp E H St & E Palomar	(14,332)	-	-	(47,987)	-	(62,319)	(f)
CHV44	TF356	Olay Mesa Transportation System	87,669	-	-	(43,048)	-	44,621	
		Total CHV44 Projects	73,337	-	-	(91,035)	-	(17,698)	
		Subtotal Local Streets and Roads	3,831,667	-	-	(1,383,495)	(1,710,498)	737,673	

SCHEDULE A

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

MPO ID	CIP Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		Balance carried forward	\$ 3,831,667	\$ -	\$ -	\$ (1,383,495)	\$ (1,710,498)	\$ 737,673	
CHV50	DR180	Emerg. Storm Drain Replacement	(558,321)	-	-	(106,891)	1,100,000	434,788	(b)(g)
CHV50	SW256	Robinhood Ranch II Pump Station Imprv.	-	-	-	(100,000)	100,000	-	(b)(g)
		Total CHV50 Projects	(558,321)	-	-	(206,891)	1,200,000	434,788	
CHV53	STL351	Bikeway Master Plan Update	(39,077)	-	-	(10,923)	50,000	-	(g)
		Subtotal Local Streets and Roads	3,234,269	-	-	(1,601,309)	(460,498)	1,172,461	
		Total Local Streets and Roads	495,842	-	(27,543)	-	-	468,299	(h)
		Unallocated	3,730,111	-	(27,543)	(1,601,309)	(460,498)	1,640,760	
CHV27	STL298	Bike and Pedestrian: Bay Blvd Bike Path E Street to F Street	(176)	-	-	-	176	-	(i)
		Total Bike and Pedestrian	(176)	-	-	-	176	-	
		Total <i>TransNet</i>	\$ 3,729,935	-	(27,543)	(1,601,309)	(460,322)	\$ 1,640,760	
CHV08	OP218	TransNet Extension: Major Corridor Environmental Mitigation Cactus Wren Habitat Rehabilitation	-	55,468	-	(78,862)	-	(23,394)	(i)
		Total Major Corridor Environmental Mitigation	-	55,468	-	(78,862)	-	(23,394)	
CHV49	STL362	Smart Growth Third Ave Streetscape Improvement	-	142,031	-	(406,096)	-	(264,065)	(i)
CHV63	OP217	Palomar Gateway Specific Plan	-	65,241	-	(95,039)	-	(29,798)	(i)
		Total Smart Growth	-	207,272	-	(501,135)	-	(293,863)	
		Subtotal Major Corridor & Smart Growth	-	262,740	-	(579,997)	-	(317,257)	

SCHEDULE A

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

MPO ID	CIP Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		Balance carried forward	\$ -	\$ 262,740	\$ -	\$ (579,997)	\$ -	\$ (317,257)	
Local Street Improvements:									
Congestion Relief:									
CHV19	STM354	North Broadway Pavement Reconstruction	(520,158)	-	-	-	520,158	-	(c)
CHV20	STM370	North Fourth Avenue Widening	-	-	-	(66,279)	-	(66,279)	(f)
CHV30	STM361	15 Multi-Modal Corridor Improv. Study	(111,021)	157,000	-	(46,470)	-	(491)	
CHV30	STM363	I-5/ H Street Interchange Improvement	(14,583)	25,000	-	-	-	10,417	
		Total CHV 30 Projects	(125,604)	182,000	-	(46,470)	-	9,926	
CHV33	STM368	Lauderbach Elem. Pedestrian Improv.	-	-	-	(24,259)	(1,221)	(25,480)	(c)
CHV37	STL280	Palomar Gateway	5,784	-	-	(1,048)	-	4,736	
CHV39	TF350	Traffic Signal System Optimization	(70,227)	104,000	-	(32,322)	-	1,451	
CHV40	STL337	Bayshore Bikeway Segment 7 & 8	-	23,400	-	(23,396)	-	4	
CHV44	TF359	SR 54 Corridor Improv. Arterial Ops.	(867)	1,815	-	(727)	-	221	
CHV48	STL345	Pavement Major Rehabilitation	(85,614)	1,367,322	-	(1,285,790)	-	(4,082)	(f)
CHV48	STL354	Pavement Major Rehabilitation 09/10	566,932	-	-	(618,068)	-	(51,136)	(f)
CHV48	STL366	Pavement Major Fed. Aid Highways	(2,054,182)	1,786,678	-	(1,876)	-	(267,380)	(f)
CHV48	STL371	Major Pavement Rehabilitation	-	-	-	(5,442)	-	(5,442)	(f)
		Total CHV48 Projects	(1,572,864)	3,156,000	-	(1,911,176)	-	(328,040)	
CHV51	STL359	Naples St. & Oleander Ave. CG/ADA	(806)	6,840	-	(7,230)	-	(1,196)	(f)
		Subtotal Congestion Relief	(2,284,742)	3,474,055	-	(2,112,907)	518,937	(404,657)	

SCHEDULE A

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

MPO ID	CIP Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		Balance carried forward	\$ (2,284,742)	\$ 3,474,055	\$ -	\$ (2,112,907)	\$ 518,937	\$ (404,657)	
CHV52	STL360	Industrial Blvd. Bike Ln L St. - Palomar	(231)	575	-	(344)	-	-	
CHV52	STL361	Industrial Blvd. Bike Ln / Ped Improvement	(7,364)	69,625	-	(107,421)	-	(45,160)	(f)
		Total CHV52 Projects	(7,595)	70,200	-	(107,765)	-	(45,160)	
CHV54	STM367	So Broadway Improv. Main to StirmCity	(9,442)	41,840	-	(27,410)	-	4,988	
CHV55	STL342	Second Ave. Improv. Naples-Palomar	(24,540)	24,920	-	(380)	2,934	2,934	(m)
CHV55	STL303	1st Avenue Palomar & Naples	(20,000)	20,000	-	-	-	-	
CHV55	STL304	Glenhaven Way Any St. Improv.	(6,795)	6,795	-	-	-	-	
CHV55	STL305	Oxford St. Improv. Third-Alpine	(15,000)	15,000	-	-	-	-	
		Total CHV55 Projects	(66,335)	66,715	-	(380)	2,934	2,934	
CHV58	STL366	Moss Street Sidewalk Installation	-	-	-	(14,952)	-	(14,952)	(f)
CHV58	STL368	Oxford Street Sidewalk Installation	-	-	-	(13,284)	-	(13,284)	(f)
CHV58	STL369	Palomar Street Sidewalk Installation	-	-	-	(8,466)	-	(8,466)	(f)
		Total CHV58 Projects	-	-	-	(36,702)	-	(36,702)	
CHV59	STL364	Sidewalk Installation Along Naples	-	-	-	(32,200)	-	(32,200)	(f)
CHV59	STL367	Naples Street Sidewalk Installation	-	-	-	(8,710)	-	(8,710)	(f)
		Total CHV59 Projects	-	-	-	(40,910)	-	(40,910)	
		Total Congestion Relief	(2,368,114)	3,652,810	-	(2,326,074)	521,871	(519,507)	
		Maintenance:							
CHV22	OP202	CIP Advanced Planning	55,236	17,000	-	(55,415)	-	16,821	
CHV22	OP202	CIP Management & Equipment Purchase	(16,836)	30,000	-	(10,992)	-	2,172	
		Total CHV22 Projects	38,400	47,000	-	(66,407)	-	18,993	
CHV26	STL323	Pedestrian Master Plan	(61,000)	85,000	-	(23,858)	-	142	
CHV33	TF361	Safe Routes 2 School Olney/ Rice Elm	(97,000)	129,500	-	-	-	32,500	
CHV34	TF327	Neighborhood Safety Program	(85,530)	191,500	-	(113,479)	-	(7,509)	(f)
		Subtotal Maintenance	(205,130)	453,000	-	(203,744)	-	44,126	

SCHEDULE A

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

MPO ID	CIP Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		Balance carried forward	\$ (205,130)	\$ 453,000	\$ -	\$ (203,744)	\$ -	\$ 44,126	
CHV35	TF325	Transportation Planning Program	(62,420)	-	-	(59,077)	-	(121,497)	(f)
CHV35	TF330	Traf Mod 4th / Main & 4th / Beyer	(176,143)	260,301	-	(63,385)	-	20,773	
CHV35	TF331	Traffic Signal Mod 3rd / Montgomery	(1,121)	292,000	-	(297,035)	-	(6,156)	(f)
CHV35	TF332	Signing and Stripping Program	(46,640)	91,413	-	(51,855)	-	(7,082)	(f)
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	(286,100)	399,976	-	(46,459)	-	7,417	
CHV35	TF369	Three Park Bicycle Facility Improvement	(1,273)	1,310	-	(47)	-	(10)	(f)
		Total CHV35 Projects	(573,697)	985,000	-	(517,858)	-	(106,555)	
CHV45	STM369	Bikeway Facilities Gap Project	-	40,000	-	(35,941)	-	4,059	
CHV45	TF274	Traffic Count	-	9,779	-	(9,779)	-	-	
CHV45	TF321	Citywide Traffic Count Program	(29,055)	113,221	-	(36,093)	-	48,073	
		Total CHV45 Projects	(29,055)	163,000	-	(81,813)	-	52,132	
CHV46	TF368	Harborside Elementary Pedestrian Improv.	31,899	-	-	(31,343)	-	556	
CHV47	TF367	Urban Core Srvs Level Threshold Study	20,188	-	-	(1,232)	-	18,956	
CHV60	TF316	Signal Installation 2nd & Quintard	-	-	-	(98,562)	-	(98,562)	(f)
CHV60	TF373	Traffic Signal Mod Intersection 4th & G St.	-	-	-	(7,190)	-	(7,190)	(f)
		Total CHV60 Projects	-	-	-	(105,752)	-	(105,752)	
CHV61	DR187	Box Culvert at Bonita Road/Allen	-	-	-	(625)	-	(625)	(f)
		Total Maintenance	(755,795)	1,601,000	-	(942,367)	-	(97,162)	
		Total Local Street Improvements	(3,123,909)	5,253,810	-	(3,268,441)	521,871	(616,669)	
		Total TransNet Extension	(3,123,909)	5,516,550	\$ -	(3,848,438)	\$ 521,871	\$ (933,926)	
		Total TransNet and TransNet Extension	\$ 606,026	\$ 5,516,550	\$ (27,543)	\$ (5,449,747)	\$ 61,549	\$ 706,834	

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

MPO ID	CIP Number	Project Name	Project Status		Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			July 1, 2010	Funds Received					
Non-TransNet:									
Highways:									
CHV26	STM394	99 / H St. reconstruction 805	\$ (496)	\$ -	\$ -	\$ -	\$ 496	\$ -	(l)
Total Non-TransNet			\$ (496)	\$ -	\$ -	\$ -	\$ 496	\$ -	
Total TransNet, TransNet Extension and Non-TransNet			\$ 605,530	\$ 5,516,550	\$ (27,543)	\$ (5,449,747)	\$ 62,045	\$ 706,834	

Notes:

- (a) The City intends to use cash on hand from CHV06 to cover the project deficit. Transfer scheduled to go to Council in April 2012.
- (b) Transferred \$1,191,000 from CHV06 and \$8,439 from unallocated (cash on hand) to CHV50 per RESO 2009-110.
- (c) Transfers within the same MPO ID.
- (d) Project closed.
- (e) Project was completed in FY10 and is closed. City will make an adjustment to move funds to another project. Scheduled to go to Council in April 2012.
- (f) The City intends to cover project deficit with a drawdown in FY12.
- (g) Transferred \$50,000 from CHV50 (DR180) to CHV50 (SW256) per Council RESO 2009-096.
- (h) The City is allocating negative interest. The City intends to eliminate negative interest with a transfer from the Other Transportation Fund (Fund 736). This transfer will be presented to Council in March 2012 - See Finding Number 1.
- (i) The deficit was offset by a General Fund appropriation approved by Council RESO 2010-166.
- (j) The City will cover the deficit with reimbursements by SANDAG (4 Reimbursable Grants).
- (k) The City will cover the deficit by reversing a prior year transfer from CHV19 (STM354) to CHV48(STL354) scheduled to go to Council in April 2012.
- (l) The deficit was offset by General Fund appropriation approved per Council Resolution RESO 2010-166 on 6/22/10.
- (m) The City received a reimbursement from the Sweetwater Authority, CHV55 (STL342) is completed as of FY11. The City will reprogram the \$2,934 reimbursement to another eligible *TransNet* Extension project in FY12.
- (n) The City transferred \$58,965 of eligible expenses from *TransNet* CHV06 to the TDA Article Fund for STL286 (Claim No. 349).

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:							
CHV08	OP218	Major Corridor Environmental Mitigation Cactus Wren Habitat Rehabilitation	\$ 177,437	\$ -	\$ (200,831)	\$ -	\$ (23,394)
		Total Major Corridor Environmental Mitigation	177,437	-	(200,831)	-	(23,394)
CHV49	STL362	Smart Growth Third Ave Streetscape Improvement	142,031	-	(406,096)	-	(264,065)
CHV63	OP217	Palomar Gateway Specific Plan	89,861	-	(119,659)	-	(29,798)
		Total Smart Growth	231,892	-	(525,755)	-	(293,863)
		Total Major Corridor & Smart Growth	409,329	-	(726,586)	-	(317,257)
Local Street Improvements:							
CHV19	STM354	Congestion Relief: North Broadway Pavement Reconstruction	-	-	(520,158)	520,158	-
CVH20	STM370	North Fourth Avenue Widening	-	-	(66,279)	-	(66,279)
CHV30	STM361	15 Multi-Modal Corridor Improv. Study	100,000	157,000	(257,491)	-	(491)
CHV30	STM363	I-5/ H Street Interchange Improvement	-	25,000	(14,583)	-	10,417
		Total CHV 30 Projects	100,000	182,000	(272,074)	-	9,926
CHV33	STM368	Lauderbach Elem. Pedestrian Improv.	-	-	(24,259)	(1,221)	(25,480)
CHV37	STL280	Palomar Gateway	200,000	4,132	(199,396)	-	4,736
CHV39	TF350	Traffic Signal System Optimization	129,000	833	(128,382)	-	1,451
CHV40	STL337	Bayshore Bikeway Segment 7 & 8	23,400	-	(23,396)	-	4
CHV44	TF359	SR 54 Corridor Improv Arterial Ops.	1,815	-	(1,594)	-	221
		Subtotal Congestion Relief	454,215	186,965	(1,235,538)	518,937	(75,421)

SCHEDULE B

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

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
Balance carried forward			\$ 454,215	\$ 186,965	\$ (1,235,538)	\$ 518,937	\$ (75,421)
CHV48	STL345	Pavement Major Rehabilitation	1,367,322	-	(1,371,404)	-	(4,082)
CHV48	STL354	Pavement Major Rehabilitation 09/10	-	-	(682,136)	631,000	(51,136)
CHV48	STM366	Pavement Major Fed. Aid Highways	1,788,678	-	(2,056,058)	-	(267,380)
CHV48	STL371	Major Pavement Rehabilitation	-	-	(5,442)	-	(5,442)
Total CHV 48 Projects			3,156,000	-	(4,115,040)	631,000	(328,040)
CHV51	STL359	Naples St & Oleander Ave CGI/ADA	-	6,840	(8,036)	-	(1,196)
CHV52	STL360	Industrial Blvd. Bike Ln L St. - Palomar	-	575	(575)	-	-
CHV52	STL361	Industrial Blvd. Bike Ln / Ped Improvement	-	69,625	(114,785)	-	(45,160)
Total CHV 52 Projects			-	70,200	(115,360)	-	(45,160)
CHV54	STM367	So Broadway Improv Main to SthmCity	41,840	-	(36,852)	-	4,988
CHV55	STL342	Second Ave. Improv. Naples - Palomar	24,920	-	(24,920)	2,934	2,934
CHV55	STL303	1st Avenue Palomar & Naples	20,000	-	(20,000)	-	-
CHV55	STL304	Glenhaven Way Any St. Improv.	6,795	-	(6,795)	-	-
CHV55	STL305	Oxford St. Improv. Third - Alpine	15,000	-	(15,000)	-	-
Total CHV 55 Projects			66,715	-	(66,715)	2,934	2,934
CHV58	STL366	Moss Street Sidewalk Installation	-	-	(14,952)	-	(14,952)
CHV58	STL368	Oxford Street Sidewalk Installation	-	-	(13,284)	-	(13,284)
CHV58	STL369	Palomar Street Sidewalk Installation	-	-	(8,466)	-	(8,466)
Total CHV 58 Projects			-	-	(36,702)	-	(36,702)
CHV59	STL364	Sidewalk Installation Along Naples	-	-	(32,200)	-	(32,200)
CHV59	STL367	Naples Street Sidewalk Installation	-	-	(8,710)	-	(8,710)
Total CHV 59 Projects			-	-	(40,910)	-	(40,910)
Total Congestion Relief			3,718,770	264,005	(5,655,153)	1,152,871	(519,507)

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

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
Maintenance:							
CHV22	OP202	CIP Advanced Planning	\$ 62,000	\$ -	\$ (100,415)	\$ 55,236	\$ 16,821
CHV22	OP202	CIP Management & Equipment Purchase	30,000	-	(27,828)	-	2,172
CHV26	STL323	Pedestrian Master Plan	85,000	-	(129,858)	45,000	142
CHV33	TF361	Safe Routes 2 School Otay / Rice Elm	129,500	-	(97,000)	-	32,500
CHV34	TF327	Neighborhood Safety Program	191,500	-	(199,009)	-	(7,509)
CHV35	TF325	Transportation Planning Program	-	-	(121,497)	-	(121,497)
CHV35	TF330	Traf Mod 4th / Main & 4th / Beyer	260,301	-	(239,528)	-	20,773
CHV35	TF331	Traffic Signal Mod 3rd / Montgomery	292,000	-	(298,156)	-	(6,156)
CHV35	TF332	Signing and Stripping Program	91,413	-	(98,495)	-	(7,082)
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	359,976	-	(352,559)	-	7,417
CHV35	TF369	Three Park Bicycle Facility Improvement	1,310	-	(1,320)	-	(10)
Total CHV 35 Projects			1,005,000	-	(1,111,555)	-	(106,555)
CHV45	STM369	Bikeway Facilities Gap Project	40,000	-	(35,941)	-	4,059
CHV45	TF274	Traffic Count	9,779	-	(9,779)	-	-
CHV45	TF321	Citywide Traffic Count Program	113,221	-	(65,148)	-	48,073
Total CHV 45 Projects			163,000	-	(110,868)	-	52,132
CHV46	TF368	Harborside Elementary Pedestrian Improv.	85,000	556	(85,000)	-	556
CHV47	TF367	Urban Core Svcs Level Threshold Study	20,000	663	(1,707)	-	18,956
CHV60	TF316	Signal Installation 2nd & Quintard	-	-	(98,562)	-	(98,562)
CHV60	TF373	Traffic Signal Mod Intersection 4th & G St.	-	-	(7,190)	-	(7,190)
Total CHV 60 Projects			-	-	(105,752)	-	(105,752)
CHV61	DR187	Box Culvert at Bonita Road/Allen	-	-	(625)	-	(625)
Total Maintenance			1,771,000	1,219	(1,969,617)	100,236	(97,162)

SCHEDULE B

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

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
		Total Local Street Improvements	\$ 5,489,770	\$ 265,224	\$ (7,624,770)	\$ 1,253,107	\$ (616,669)
		Total Cumulative <i>TransNet</i> Extension	\$ 5,899,099	\$ 265,224	\$ (8,351,356)	\$ 1,253,107	\$ (933,926)

CITY OF CHULA VISTA, CALIFORNIA
 TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Status June 30, 2011
Year ended June 30, 2009	\$ 61,859	\$ -	\$ -	\$ 546	\$ (7,546)	\$ (54,859)	\$ -
Year ended June 30, 2010	230,756	-	-	2,032	(8,942)	(47,542)	176,304
Year ended June 30, 2011	-	5,467	-	49	-	-	5,546
Total RTCIP Funds	292,615	5,467	-	2,627	(16,488)	(102,401)	181,820
GASB 31 Fair Market Value Adjustment	-	-	-	(665)	-	-	(665)
	\$ 292,615	\$ 5,467	\$ -	\$ 1,962	\$ (16,488)	\$ (102,401)	\$ 181,155

(1) Expenses of \$54,859 incurred and reported in the City's Trial Balance were not listed in prior years Schedule C.

(2) Commercial fees although included in the City's Trial Balance, they were removed on a prior year's Schedule C. Upon further research it was determined that commercial fees should be included. This entry corrects the reporting on schedule C.

CITY OF CORONADO, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Coronado, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

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

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: Positive interest was allocated to projects that carried positive beginning balances, negative interest was allocated to a project that had a negative beginning balance. See Finding Number 1 in the Findings and Recommendation section of this report.

e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

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

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

Results: The City recorded total expenditures, including City adjustments, in the amount of \$136,225. We selected \$40,965 (30.07%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

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

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

h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent

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

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

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

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

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

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

Fiscal year 2011 apportionment	\$451,845
Less: debt service payment	_____
Net estimated apportionment	451,845
30% base	<u>30%</u>
Fiscal year 2011 30% threshold	135,554
Less: local streets and roads fund balance	<u>(26,849)</u>
Fund balance under apportionment	<u>\$108,705</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$1,467,113
Less MOE base year requirement	<u>(865,298)</u>
Excess MOE for fiscal year ended June 30, 2011	<u>\$ 601,815</u>

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

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

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

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

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

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the City is using the most current approved fee amount.

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

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

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

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

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

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

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

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

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

- vi. We identified interest income for the fiscal year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

Results: This procedure is not applicable for the City.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

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

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

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

Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2011, this finding has been resolved.

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

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

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

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McClann P.C.

Irvine, California
June 13, 2012

CITY OF CORONADO, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2011

(1) **Need to Allocate Interest in Accordance with Board Policy**

The City of Coronado (City) allocates interest based upon the amount of cash the *TransNet* Fund holds at the end of each quarter as a percentage of the total cash held by the City. The City properly allocated interest to those projects that had positive beginning balances. However, for those projects with negative beginning balances, the City allocated negative interest. This negative interest is the equivalent of interest expense, which was not included on the Program of Projects approved by SANDAG.

Board Policy 031, Rule #6 states, in part:

“...Interest earned on *TransNet* revenues received by the agency must be allocated to the *TransNet* fund and used only for projects approved by the Commission in the Program of Projects...”

Recommendation

We recommend that the City prepare an adjustment and restore *TransNet* funds to the project that was allocated negative interest. We also recommend that the City revise its interest allocation methodology and not allocate negative interest to projects in order to comply with Rule #6 of Board Policy 031.

Management Response

Beginning in FY 11-12, the City is seeking drawdowns of cash based on predicted capital and administrative expenditures. The negative interest allocated in FY 10-11 to COR07, Street and Road Rehabilitation, of \$958 will be offset by a transfer from the General Fund and will be recorded as interest income in FY 11-12. The City will revise its interest allocation methodology to comply with Rule #6 of Board Policy 031.

SCHEDULE A

CITY OF CORONADO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
	TransNet Extension:							
	Congestion Relief:							
COR 07	Street and Road Rehabilitation	\$ (34,646)	\$ 200,000	\$ (958)	\$ (136,225)	\$ -	\$ 28,171	(a)
	Total Congestion Relief	(34,646)	200,000	(958)	(136,225)	-	28,171	
	Maintenance:							
COR 04	Street and Road Maintenance	3,337	-	33	-	-	3,370	
	Total Maintenance	3,337	-	33	-	-	3,370	
	GASB 31 Market Value Adjustment	-	-	(4,692)	-	-	(4,692)	
	Total <i>TransNet</i> Extension	\$ (31,309)	\$ 200,000	\$ (5,617)	\$ (136,225)	\$ -	\$ 26,849	

Notes:

(a) The City allocated negative interest - See Finding No. 1 in the Findings and Recommendations section of this report, with the City's corrective actions provided.

CITY OF CORONADO, CALIFORNIA

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
	<i>TransNet</i> Extension:					
	Local Street Improvements:					
	Congestion Relief:					
COR 07	Street and Road Rehabilitation	\$ 475,000	\$ 6,071	\$ (272,900)	\$ (180,000)	\$ 28,171
	Total Congestion Relief	475,000	6,071	(272,900)	(180,000)	28,171
	Maintenance:					
COR 04	Street and Road Maintenance	70,000	209	(66,839)	-	3,370
	Total Maintenance	70,000	209	(66,839)	-	3,370
	GASB 31 Market Value Adjustment	-	(4,692)	-	-	(4,692)
	Total Cumulative <i>TransNet</i> Extension	\$ 545,000	\$ 1,588	\$ (339,739)	\$ (180,000)	\$ 26,849

CITY OF CORONADO, CALIFORNIA

TransNet Extension Activities

RTCIP

Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Status June 30, 2011
Year ended June 30, 2009	\$ 7,176	\$ -	\$ 54	\$ -	\$ -	\$ 7,230
Year ended June 30, 2010	2,354	-	18	-	-	2,372
Year ended June 30, 2011	-	16,648	126	-	-	16,774
GASB 31 Market Value Adjustment	-	-	1,004	-	-	1,004
Total RTCIP Funds	\$ 9,530	\$ 16,648	\$ 1,202	\$ -	\$ -	\$ 27,380

CITY OF DEL MAR, CALIFORNIA
Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund
Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Del Mar, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

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

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed the total to the recipient's general ledger.

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

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

Results: The City recorded total expenditures in the amount of \$356. We selected \$356 (100%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- g. We obtained a list of completed projects from the recipient agency that is reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

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

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

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

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

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

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

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

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

Fiscal year 2011 apportionment	\$166,645
Less: debt service payment	_____ -
Net estimated apportionment	166,645
30% base	_____ 30%
Fiscal year 2011 30% threshold	49,994
Less: local streets and roads fund balance	_____(5,652)
Fund balance under apportionment	<u>\$ 44,342</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

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

Results: The City was not in compliance with the MOE requirement. The City did not have an unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2011, is summarized on the next page. See Finding Number 1 in the Findings and Recommendations section of this report:

	Street and Road	Specialized Transportation Services	Total
Current year local discretionary expenditures	\$439,548	\$21,500	\$461,048
Less MOE base year requirement	_____(465,108)	_____(21,431)	_____(486,539)
Excess MOE for the year ended June 30, 2011	<u>\$(25,560)</u>	<u>\$ 69</u>	<u>\$(25,491)</u>

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

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

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

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

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

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

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

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

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

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

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

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

Results: This procedure is not applicable as there were no expenditures for the year ended June 30, 2011.

- v. We determined whether the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

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

- vi. We identified interest income for the fiscal year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with Board Policy No. 031.

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

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

Results: This procedure is not applicable to the City.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable to the City.

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

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable to the City.

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

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

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

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

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

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McLann P.C.

Irvine, California
June 13, 2012

CITY OF DEL MAR, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2011

(1) Need to Meet Maintenance of Effort (MOE) Requirement

The City was not able to meet its MOE requirement for Streets and Roads by \$25,560 for the year ended June 30, 2011. The City's Streets and Roads discretionary expenditures were \$439,548 and the City's MOE requirement was \$465,108.

TransNet Extension Ordinance, Section 8 states in part:

“Each local agency receiving revenues pursuant to Section 4(D) shall annually maintain as a minimum the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years completed prior to the operative date as of this Ordinance...”

Recommendation

We recommend the City budget and incur adequate discretionary expenditures in order to meet its MOE requirement.

Management Response

The City acknowledges that it did not meet the MOE requirement for the year ended June 30, 2011. The City requested a one-year extension in the time permitted to meet the MOE threshold per Section 8 of the Ordinance.

The request was approved on the following dates:

Independent Taxpayer Oversight Committee
SANDAG Transportation Committee
SANDAG Board of Directors

March 14, 2012
April 6, 2012
April 27, 2012

SCHEDULE A

CITY OF DEL MAR, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
TransNet Extension:								
Local Street Improvements:								
Congestion Relief:								
DM02	Local Match to Bridge Retrofit Projects	\$ 725	\$ 4,754	\$ 15	\$ -	\$ -	\$ 5,494	(a)
DM04	Camino del Mar Major Rehabilitation	122	-	1	-	-	123	
	Total Congestion Relief	847	4,754	16	-	-	5,617	
Maintenance:								
DM01	Resurfacing and Drainage Project	390	-	1	(356)	-	35	
	Total Maintenance	390	-	1	(356)	-	35	
	Total Local Street Improvements	1,237	4,754	17	(356)	-	5,652	
	Total TransNet Extension	\$ 1,237	\$ 4,754	\$ 17	\$ (356)	\$ -	\$ 5,652	

Note:

(a) This project does not have expenditures during the previous two years as the local match required on the Torrey Pines Bridge was completed two years ago. The design phase of the Camino del Mar Bridge will begin in Fiscal Year 2011-2012.

SCHEDULE B

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
	TransNet Extension:					
	Local Street Improvements:					
	Congestion Relief:					
DM02	Local Match to Bridge Retrofit Projects	\$ 185,814	\$ 414	\$ (181,060)	\$ 326	\$ 5,494
DM04	Camino del Mar Major Rehabilitation	<u>213,000</u>	<u>849</u>	<u>(213,726)</u>	<u>-</u>	<u>123</u>
	Total Congestion Relief	<u>398,814</u>	<u>1,263</u>	<u>(394,786)</u>	<u>326</u>	<u>5,617</u>
	Maintenance:					
DM01	Resurfacing and Drainage Project	<u>98,000</u>	<u>391</u>	<u>(98,356)</u>	<u>-</u>	<u>35</u>
	Total Maintenance	<u>98,000</u>	<u>391</u>	<u>(98,356)</u>	<u>-</u>	<u>35</u>
	Total Local Street Improvements	<u>496,814</u>	<u>1,654</u>	<u>(493,142)</u>	<u>326</u>	<u>5,652</u>
	Total Cumulative <i>TransNet</i> Extension	<u>\$ 496,814</u>	<u>\$ 1,654</u>	<u>\$ (493,142)</u>	<u>\$ 326</u>	<u>\$ 5,652</u>

SCHEDULE C

CITY OF DEL MAR, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Status June 30, 2011
Year ended June 30, 2009	\$ 6,821	\$ -	\$ 43	\$ -	\$ -	\$ 6,864
Year ended June 30, 2010	-	-	-	-	-	-
Year ended June 30, 2011	-	-	-	-	-	-
Total RTCIP Funds	\$ 6,821	\$ -	\$ 43	\$ -	\$ -	\$ 6,864

CITY OF EL CAJON, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of El Cajon, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

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

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

Results: The City recorded total expenditures in the amount of \$2,803,227. We selected \$1,114,147 (39.75%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

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

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

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

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

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

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

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

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

Fiscal year 2011 apportionment	\$1,790,911
Less: debt service payment	<u> -</u>
Net estimated apportionment	1,790,911
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	537,273
Less: local streets and roads fund balance	<u>(297,162)</u>
Fund balance under apportionment	<u>\$ 240,111</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$1,961,613
Less MOE base year requirement	<u>(1,772,596)</u>
Excess MOE for fiscal year ended June 30, 2011	<u>\$ 189,017</u>

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

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

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

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

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

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the recipient agency. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

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

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

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

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

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

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

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

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

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

- vi. We identified interest income for the fiscal year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

Results: This procedure is not applicable for the City.

- 13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

- 14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

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

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

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

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

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

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McClann P.C.

Irvine, California
June 13, 2012

CITY OF EL CAJON, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the TransNet Fund

Findings and Recommendations

Year Ended June 30, 2011

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

Per review of the City's exaction fee collections as of June 30, 2011, the City is not in compliance with the required exaction amount of \$2,081. The City was collecting an exaction fee of \$2,040 instead of \$2,081. This resulted in an under collection of the exaction fee in the amount of \$451.

SANDAG Board recommendations as of February 26, 2010 and subsequent approval states, in part:

“...The Board of Directors is asked to approve a 2 percent adjustment to the Regional Transportation Congestion Improvement Program (RTCIP), raising the minimum fee from \$2,040 to \$2,081 beginning July 2010...”

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

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

Recommendation

We recommend that the City recover the under-collection of exaction fees in the amount of \$451. Additionally, we recommend that the City update and collect the proper exaction on a yearly basis to be in compliance with the RTCIP fees.

Management Response

Although the City Council updates the exaction fee amount annually to include the 2% adjustment required by the ordinance, City staff have been assessing the exaction fee amount at the time of building permit application, rather than at building permit issuance when all permit fees are collected. During the audit period, the City collected eleven exaction fees. All eleven exaction fees were assessed at the building permit application date which was prior to July 1, 2010, when the fee was \$2,040. In accordance with SANDAG Board Policy No. 031, Rule #23, Section B(5), the City has issued invoices to collect the remaining \$451 exaction fee due on these permits. Collection efforts will be employed to the fullest extent allowed by law.

CITY OF EL CAJON, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Findings and Recommendations

(Continued)

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

The City's Building Department has modified its process to assess the exaction fee at the time of building permit issuance when all permit fees are collected. The City's Public Works Department will review all outstanding unissued dwelling unit building permits and update the exaction fee amounts each time the fee is updated. The combination of these two departments' processes should ensure the correct exaction fee collections in the future.

CITY OF EL CAJON, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
TransNet:								
Local Streets and Roads:								
EL06	Signals	\$ 79,540	-	\$ 1,610	\$ (81,150)	\$ -	\$ -	
EL11	Sidewalk	99,802	-	2,020	(5,745)	-	96,077	
EL18	Street Lights	37,178	-	752	(6,077)	-	31,853	
EL23	Traffic Signal Maintenance	4,033	-	82	(4,115)	-	-	
	Total Local Streets and Roads	220,553	-	4,464	(97,087)	-	127,930	
	Total TransNet	\$ 220,553	\$ -	\$ 4,464	\$ (97,087)	\$ -	\$ 127,930	
TransNet Extension:								
Local Street Improvements:								
Congestion Relief:								
EL03	Various Overlay Projects	(51,533)	2,230,000	-	(2,158,925)	-	19,542	
EL18	Street Lights	100,000	-	2,024	-	-	102,024	
EL24	Jamacha Road Traffic Signals	-	80,000	-	(67,176)	-	12,824	
	Total Congestion Relief	\$ 48,467	\$ 2,310,000	\$ 2,024	\$ (2,226,101)	\$ -	\$ 134,390	

SCHEDULE A

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

MPO ID	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		\$	\$	\$	\$	\$	\$	
	Balance carried forward	48,467	2,310,000	2,024	(2,226,101)	-	134,390	
	Maintenance:							
EL06	Traffic Signal Projects	-	60,000	-	(62,297)	-	(2,297)	(a)
EL21	Street Resurfacing	(112,665)	530,000	-	(390,676)	-	26,659	
EL23	Traffic Signal Maintenance	-	30,000	-	(25,906)	-	4,094	
EL25	Slope Repair Fletcher Pkwy. & Murray Dr.	-	5,000	-	(1,160)	-	3,840	
	Total Maintenance	(112,665)	625,000	-	(480,039)	-	32,296	
	GASB 31 Fair Market Value Adjustment	-	-	2,546	-	-	2,546	
	Total <i>TransNet</i> Extension	(64,198)	2,935,000	4,570	(2,706,140)	-	169,232	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	156,355	2,935,000	9,034	(2,803,227)	-	297,162	

Notes:

(a) The City will request a draw in Fiscal Year 2011/2012 to remove this deficit.

CITY OF EL CAJON, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2011

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
EL03	Various Overlay Projects	\$ 2,630,000	\$ -	\$ (3,007,076)	\$ 396,618	\$ 19,542
EL18	Street Lights	100,000	2,024	-	-	102,024
EL24	Jamacha Road Traffic Signals	80,000	-	(67,176)	-	12,824
	Total Congestion Relief	2,810,000	2,024	(3,074,252)	396,618	134,390
Maintenance:						
EL06	Traffic Signal Projects	60,000	-	(62,297)	-	(2,297)
EL20	Signals - LED Replacement	-	-	(96,811)	96,811	-
EL21	Street Resurfacing	780,000	-	(757,291)	3,950	26,659
EL23	Traffic Signal Maintenance	30,000	-	(25,906)	-	4,094
EL25	Slope Repair Fletcher Pkwy & Murry Dr.	5,000	-	(1,160)	-	3,840
	Total Maintenance	875,000	-	(943,465)	100,761	32,296
	GASB 31 Fair Market Value Adjustment	-	2,546	-	-	2,546
Completed Projects:						
Local Street Improvements:						
	Congestion Relief	1,300,000	-	(903,382)	(396,618)	-
	Total Cumulative TransNet Extension	\$ 4,985,000	\$ 4,570	\$ (4,921,099)	\$ 100,761	\$ 169,232

CITY OF EL CAJON, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2011

Project Year	Status	Funds	Interest	Project	City	Status
	July 1, 2010	Received	Income	Expenditures	Adjustments	June 30, 2011
Year ended June 30, 2009	\$ 2,084	\$ -	\$ 21	\$ -	\$ -	\$ 2,105
Year ended June 30, 2010	91,313	-	905	-	-	92,218
Year ended June 30, 2011	-	22,440	223	-	-	22,663
Total RTCIP Funds	\$ 93,397	\$ 22,440	\$ 1,149	\$ -	\$ -	\$ 116,986

CITY OF ENCINITAS, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Encinitas, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

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

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

Results: The City recorded total expenditures in the amount of \$1,299,770. We selected \$482,102 (37.09%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- g. We obtained a list of completed projects from the recipient agency that is reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

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

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

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

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

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

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

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

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

Fiscal year 2011 apportionment	\$1,284,658
Less: debt service payment	<u> -</u>
Net estimated apportionment	1,284,658
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	385,397
Less: local streets and roads fund balance	<u>(61,224)</u>
Fund balance under apportionment	<u>\$ 324,173</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2011, is summarized as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Total</u>
Current year local discretionary expenditures	\$4,715,373	\$8,961	\$4,724,334
Less MOE base year requirement	<u>(2,103,079)</u>	<u>(58)</u>	<u>(2,103,137)</u>
Excess MOE for the year ended June 30, 2011	<u>\$2,612,294</u>	<u>\$8,903</u>	<u>\$2,621,197</u>

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

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

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

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

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

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the recipient agency. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

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

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

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

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

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

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

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

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

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

- vi. We identified interest income for the fiscal year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

Results: This procedure is not applicable for the City.

- 13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

- 14. For SANDAG only, we performed the following additional procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McLann P.C.

Irvine, California
June 13, 2012

SCHEDULE A

CITY OF ENCINITAS, CALIFORNIA
 TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
TransNet:									
Local Streets and Roads:									
ENC 42	CMS09B	Pavement management plan	\$ 27,751	\$ -	\$ 44	\$ (5,890)	\$ (21,905)	\$ -	(a)
ENC 23	CMS00T	Olivenhain Road Widening	-	-	-	126,215	-	126,215	(b)
		Total Local Streets and Roads	27,751	-	44	120,325	(21,905)	126,215	
		Total TransNet	\$ 27,751	\$ -	\$ 44	\$ 120,325	\$ (21,905)	\$ 126,215	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ENC 14A	CMS10A	FY 09/10 Annual Street Overlay	\$ 2,489	\$ -	\$ 4	\$ 40,891	\$ (43,384)	\$ -	
ENC 14A	CMS11A	FY 10/11 Annual Street Overlay	-	300,000	-	(308,691)	43,384	34,693	
		Total ENC 14A Projects	2,489	300,000	4	(267,800)	-	34,693	
ENC 19	CMS02F	Traffic safety and calming	141,280	-	100	(15,905)	(79,944)	45,531	
ENC 19	CMS07C	ENTMP-1 Rubenstein/Summit/West	(78,174)	-	-	(1,770)	79,944	-	
		Subtotal ENC 19 Projects	63,106	-	100	(17,675)	-	45,531	
ENC 20	CMS04D	No. Coast Hwy 101 streetscape	54,262	-	86	(87,624)	-	(33,276)	(c)
ENC 44	CMS09E	Encinitas/NCTD transit parking lot	213,315	525,000	340	(721,008)	-	17,647	
		Total Congestion Relief	333,172	825,000	530	(1,094,107)	-	64,595	

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

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		Balance carried forward <i>TransNet</i> Extension	\$ 333,172	\$ 825,000	\$ 530	\$ (1,094,107)	\$ -	\$ 64,595	
Maintenance:									
ENC 17	CMS01E	Safe Route to Schools-Phase II	-	-	-	(26,777)	21,905	(4,872)	(a)(b)
ENC 17	CMS08G	Paul Ecke Central Elementary School	(38,057)	19,499	-	(22,419)	-	(40,977)	
ENC 17	CMS09F	Cardiff Elementary School Ped Impvmt	-	130,163	-	(130,163)	-	-	
ENC 17	CMS10B	Melba Road (North Side)	-	568	-	(568)	-	-	
ENC 17	CMS10D	Regal Road	(41,089)	48,611	-	(7,522)	-	-	
ENC 17	CMS10E	Melba Road (South Side)	-	1,159	-	(1,159)	-	-	
ENC 17	CMS10H	Balour Drive Sidewalks	-	-	-	(24,117)	-	(24,117)	
ENC 17	CMS11B	Downtown Sidewalk Improvements	-	-	-	(69,825)	-	(69,825)	
		Total ENC 17 Projects	<u>(79,146)</u>	<u>200,000</u>	<u>-</u>	<u>(282,550)</u>	<u>21,905</u>	<u>(139,791)</u>	(c)
ENC 28	CMS02G	Traffic Signal Modification	53,558	-	85	(43,439)	-	10,204	
		Total Maintenance	<u>(25,588)</u>	<u>200,000</u>	<u>85</u>	<u>(325,989)</u>	<u>21,905</u>	<u>(129,587)</u>	
		Total <i>TransNet</i> Extension	<u>\$ 307,584</u>	<u>\$ 1,025,000</u>	<u>\$ 615</u>	<u>\$ (1,420,096)</u>	<u>\$ 21,905</u>	<u>\$ (64,992)</u>	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ 335,335</u>	<u>\$ 1,025,000</u>	<u>\$ 660</u>	<u>\$ (1,299,770)</u>	<u>\$ -</u>	<u>\$ 61,224</u>	

Notes:

- (a) Excess funds transferred from ENC 42 (CMS09B) to ENC 17 (CMS01E) per RTIP Amendment Staff Report, May 18, 2011, and Resolution No. 2011-31.
- (b) Reclassified PY expenditures and went to the City Council on November 16, 2011 to reallocate to ENC 17 (CMS12A) FY 2011-12 Annual Street Overlay and close out ENC 23 (CMS00T) Olivenhain Road Widening. In addition, the City submitted an RTIP amendment on December 1, 2011 to SANDAG to reallocate the funding.
- (c) Funding will be requested in Fiscal Year 2012 to remove the deficit.

CITY OF ENCINITAS, CALIFORNIA

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:							
Local Street Improvements:							
Congestion Relief:							
ENC 14A	CMS10A	FY 09/10 Annual Street Overlay	\$ 444,000	\$ 4	\$ (400,620)	\$ (43,384)	\$ -
ENC 14A	CMS11A	FY 10/11 Annual Street Overlay	300,000	-	(308,691)	43,384	34,693
		Subtotal ENC 14A Projects	744,000	4	(709,311)	-	34,693
ENC 19	CMS02F	Traffic safety and calming	150,000	100	(24,625)	(79,944)	45,531
ENC 19	CMS07C	ENTMP-1 Rubenstein/Summit/West	-	-	(79,944)	79,944	-
		Subtotal ENC 19 Projects	150,000	100	(104,569)	-	45,531
ENC 20	CMS04D	No. Coast Hwy 101 streetscape	320,000	467	(353,743)	-	(33,276)
ENC 44	CMS09E	Encinitas/NCTD transit parking lot	1,165,000	340	(1,193,193)	45,500	17,647
		Total Congestion Relief	2,379,000	911	(2,360,816)	45,500	64,595
Maintenance:							
ENC 17	CMS01E	Safe Route to Schools - Phase II	-	-	(26,777)	21,905	(4,872)
ENC 17	CMS08G	Paul Ecke Central Elementary School	19,499	-	(60,476)	-	(40,977)
ENC 17	CMS09F	Cardiff Elementary School Ped Improvements	130,163	-	(130,163)	-	-
ENC 17	CMS10B	Melba Road (North Side)	568	-	(568)	-	-
ENC 17	CMS10D	Regal Road	48,611	-	(48,611)	-	-
ENC 17	CMS10E	Melba Road (South Side)	1,159	-	(1,159)	-	-
ENC 17	CMS10H	Balour Drive Sidewalks	-	-	(24,117)	-	(24,117)
ENC 17	CMS11B	Downtown Sidewalk Improvements	-	-	(69,825)	-	(69,825)
		Subtotal ENC 17 Projects	200,000	-	(361,696)	21,905	(139,791)

CITY OF ENCINITAS, CALIFORNIA

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

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
		Balance carried forward <i>TransNet</i> Extension	\$ 200,000	\$ -	\$ (361,696)	\$ 21,905	\$ (139,791)
ENC 28	CMS02G	Traffic signal modification	100,000	85	(80,919)	(8,962)	10,204
		Total Maintenance	300,000	85	(442,615)	12,943	(129,587)
		Total Cumulative <i>TransNet</i> Extension	\$ 2,679,000	\$ 996	\$ (2,803,431)	\$ 58,443	\$ (64,992)

SCHEDULE C

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Status June 30, 2011
Year ended June 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year ended June 30, 2010	34,771	-	91	-	-	34,862
Year ended June 30, 2011	-	206,214	631	-	-	206,845
Total RTCIP Funds	\$ 34,771	\$ 206,214	\$ 722	\$ -	\$ -	\$ 241,707

CITY OF ESCONDIDO, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Escondido, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

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

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

Results: The City recorded total expenditures in the amount of \$4,420,840. We selected \$1,804,968 (40.83%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

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

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

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

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

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

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

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

Results: The City is in compliance with the 30% requirement. No exceptions were noted as a result of our procedures.

Fiscal year 2011 apportionment	\$2,655,590
Less: debt service payment	_____ -
Net estimated apportionment	2,655,590
30% base	_____ 30%
Fiscal year 2011 30% threshold	796,677
Less: local streets and roads negative fund balance	<u>2,326,792</u>
Fund balance under apportionment	<u>\$3,123,469</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$4,750,613
Less MOE base year requirement	<u>(3,200,668)</u>
Excess MOE for the year ended June 30, 2011	<u>\$1,549,945</u>

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

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

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

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

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

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the recipient agency. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not record any RTCIP expenditures for the year ended June 30, 2011.

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

Results: The City did not provide its full monetary contribution. See Finding Number 1 in the Findings and Recommendations Section of this report.

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

Results: This procedure is not applicable for the City.

13. We reviewed SANDAG's administrative expenditures to determine whether they were in compliance with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

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

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

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

Results: The City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2011, this finding has been resolved.

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

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

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

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Wayne Hoffman McClann P.C.

Irvine, California
June 13, 2012

CITY OF ESCONDIDO, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2011

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

Per review of the City's exaction fee collections as of June 30, 2011, the City is not in compliance with the required exaction amount of \$2,081. In five of the 12 instances, the City collected the prior year's approved amount of \$2,040 instead of the current year approved amount of \$2,081. This resulted in an under-collection of the extraction fee in the amount of \$205.

SANDAG Board recommendations as of February 26, 2010 and subsequent approval states, in part:

"...The Board of Directors is asked to approve a 2 percent adjustment to the Regional Transportation Congestion Improvement Program (RTCIP), raising the minimum fee from \$2,040 to \$2,081 beginning July 2010..."

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

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

Recommendation

We recommend that the City recover the under-collection of exaction fees in the amount of \$205. Additionally, we recommend that the City update and collect the proper exaction on a yearly basis to be in compliance with the RTCIP fees.

Management Response

Since the five instances are Tract Homes, the permit was duplicated from a permit created in the previous FY and the current fee was not verified prior to issuance. The City will collect the \$205 from the developer to cover the undercharge for the 5 units prior to the Final Inspection of the remaining home. The appropriate Fee Code, RTCP, for each of the permits will show the additional fee. In the future, the permit fee will be verified to the current RTCIP fee adopted by the SANDAG Board prior to each issuance of a permit.

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	CIP Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
TransNet:									
Local Streets and Roads:									
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	\$ 1,785,075	\$ -	\$ 2,366	\$ (70,880)	-	\$ 1,716,561	
ESC08	690309	Felcita & Juniper/Escondido to Chestnut	333,995	-	442	(44,906)	-	289,531	
ESC13	690329	SR78 Bridge Widening at Nordahl	540,042	-	716	(200,032)	-	340,726	
ESC17	697401	Neighborhood Projects	18,083	-	24	-	-	18,107	(b)
ESC23	691703	Valley/Maple & 2nd/Maple Traffic	231,663	-	307	-	-	231,970	(c)
ESC24	690029	Centre City/Highway 78 to Mission Ave	1,471,930	-	1,951	(15,162)	(1,129,070)	329,649	(e)
ESC29	691704	Citracado/Interstate 15 to West Valley	621,616	-	824	-	-	622,440	(d)
Total Local Streets and Roads			\$ 5,002,404	\$ -	\$ 6,630	\$ (330,980)	\$ (1,129,070)	\$ 3,548,984	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ESC02A	690219	Bear Valley/East Valley/Valley Center	\$ (1,450,703)	\$ -	\$ -	\$ (1,187,530)	\$ 1,088,470	\$ (1,549,763)	(a)(e)(f)
ESC03	690239	Citracado Pkwy/Don Lee to Quail Hill	(968,160)	-	-	(101,858)	-	(1,070,018)	(a)
ESC30	967903	El Norte Parkway-Street Rehabilitation	(16,782)	-	-	-	(12,899)	(29,681)	(a)(h)
Total Congestion Relief			(2,435,645)	-	-	(1,289,388)	1,075,571	(2,649,462)	
Maintenance:									
ESC11	697402	Street Maintenance	(223,706)	-	-	(1,163,751)	(92,179)	(1,479,636)	(a)(g)
ESC11	697001	Street Maintenance - ARRA	(298,607)	-	-	(1,448,071)	-	(1,746,678)	(a)
ESC11	697903	Street Maintenance	(105,078)	-	-	-	105,078	-	(g)(h)
Total ESC11 Project			(627,391)	-	-	(2,611,822)	12,899	(3,226,314)	
Total Maintenance			(627,391)	-	-	(2,611,822)	12,899	(3,226,314)	

SCHEDULE A

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

MPO ID	CIP Number	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status	
			July 1, 2010	June 30, 2011					June 30, 2011	Notes
		Total Local Street Improvements	\$ (3,063,036)	\$ -	\$ -	\$ (3,901,210)	\$ 1,088,470	\$ (5,875,776)		
		Bikes and Pedestrian:								
ESC20	690339	Ash Street Undercrossing Study	(64,317)	-	-	(5,967)	-	(70,284)		(i)
ESC21	698501	Master Plan-Bicycle Facilities	13,231	-	17	(4,707)	-	8,541		
ESC27	694101	Maple Street Pedestrian Plaza	200,000	-	265	(177,976)	-	22,289		
		Total Bikes and Pedestrian	148,914	-	282	(188,650)	-	(39,454)		
		Total TransNet Extension	\$ (2,914,122)	\$ -	\$ 282	\$ (4,089,860)	\$ 1,088,470	\$ (5,915,230)		
		Total TransNet and TransNet Extension	\$ 2,088,282	\$ -	\$ 6,912	\$ (4,420,840)	\$ (40,600)	\$ (2,366,246)		
		Non-TransNet:								
		US Department of Transportation Grant	\$ 721,304	\$ 1,075,764	\$ -	\$ (376,035)	\$ (703,364)	\$ 717,669		(f), (i)
		Total Non-TransNet	\$ 721,304	\$ 1,075,764	\$ -	\$ (376,035)	\$ (703,364)	\$ 717,669		
		Total TransNet, TransNet Extension and Non-TransNet	\$ 2,809,586	\$ 1,075,764	\$ 6,912	\$ (4,796,875)	\$ (743,964)	\$ (1,648,577)		

Notes:

- (a) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY11. Additional funding will be requested in FY 12 now that the City is in compliance with the 30% Rule.
- (b) ESC17 is one of the City's annual capital improvement programs, where specific projects are to be determined. Future funding for this project will include only local funds. Therefore, funds currently programmed will be removed from this project in FY 12.
- (c) ESC23 is an ongoing project, which is currently out to bid.
- (d) ESC29 is the next phase of Citracado Parkway, the preliminary Engineering and Environmental review phase will begin within the next year depending on staff availability.

SCHEDULE A

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

MPO ID	CIP Number	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status	
			July 1, 2010	June 30, 2011					June 30, 2011	Notes

Notes:

- (e) As permitted by SANDAG and approved by City Council on May 4, 2011, the City transferred *TransNet* funds budgeted for the Center City/Highway 78 to Mission Ave Project to cover expenditures incurred in FY 08 for the Bear and East Valley Parkway & Valley Center Road Project.
- (f) Correction of a prior year error, \$40,600 of expenditures related to ESC02A were applicable to *TransNet* funds and were mistakenly reclassified to Non-*TransNet* transactions in the prior year.
- (g) \$92,179 should have been recorded into CIP Number 697402 rather than 697903 in the prior years (same MPO ID).
- (h) Correction of prior reporting error on schedule. \$12,899 of expenditures expended in FY10 was input on the wrong line item under ESC11 Project 697903 when should have been recorded on ESC30 Project 967903.
- (i) City adjustment of \$743,964 was made to properly record deferred revenue related to a federal grant from the Department of Transportation for FY 10.
- (j) The City was unaware that Bike & Pedestrian projects are not restricted under SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule). Therefore, to remain in compliance with the 30% Rule, additional funding was not requested during FY 11. Additional Funding will be requested in FY 12.

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2011</u>
TransNet Extension:							
Local Street Improvements:							
Congestion Relief:							
ESC02A	690219	Bear Valley/East Valley/Valley Center	\$ -	\$ -	\$ (1,509,163)	\$ (40,600)	\$ (1,549,763)
ESC03	690239	Citracado Pkwy/Don Lee to Quail Hill	-	-	(1,070,018)	-	(1,070,018)
ESC30	697903	El Norte Parkway-Street Rehabilitation	-	-	(16,782)	(12,899)	(29,681)
		Total Congestion Relief	-	-	(2,595,963)	(53,499)	(2,649,462)
Maintenance:							
ESC11	697402	Street Maintenance	-	-	(1,387,457)	(92,179)	(1,479,636)
ESC11	697001	Street Maintenance - ARRA	-	-	(1,746,678)	-	(1,746,678)
ESC11	697903	Street Maintenance	-	-	(105,078)	105,078	-
		Total ESC11 Project	-	-	(3,239,213)	12,899	(3,226,314)
		Total Maintenance	-	-	(3,239,213)	12,899	(3,226,314)
		Total Local Street Improvements	-	-	(5,835,176)	(40,600)	(5,875,776)
Bikes and Pedestrian:							
ESC20	690339	Ash Street Undercrossing Study	200,000	3,878	(304,162)	30,000	(70,284)
ESC21	698501	Master Plan-Bicycle Facilities	56,274	281	(48,014)	-	8,541
ESC27	694101	Maple Street Pedestrian Plaza	-	265	(177,976)	200,000	22,289
		Total Bikes and Pedestrian	256,274	4,424	(530,152)	230,000	(39,454)
		Total Cumulative <i>TransNet</i> Extension	\$ 256,274	\$ 4,424	\$ (6,365,328)	\$ 189,400	\$ (5,915,230)

SCHEDULE C

CITY OF ESCONDIDO, CALIFORNIA

TransNet Extension Activities

RTCIP Funds

Year Ended June 30, 2011

Project Year	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
Year ended June 30, 2009	\$ 18,872	\$ -	\$ 373	\$ -	\$ -	\$ 19,245
Year ended June 30, 2010	64,988	-	1,249	-	-	66,237
Year ended June 30, 2011	-	24,767	479	-	-	25,246
Total RTCIP Funds	\$ 83,860	\$ 24,767	\$ 2,101	\$ -	\$ -	\$ 110,728

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Imperial Beach, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

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

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

Results: The City recorded total expenditures in the amount of \$1,043,420. We selected \$533,133 (51.09%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- g. We obtained a list of completed projects from the recipient agency that is reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

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

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

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

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

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

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

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

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

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

Fiscal year 2011 apportionment	\$554,749
Less: debt service payment	<u> -</u>
Net estimated apportionment	554,749
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	166,425
Less: local streets and roads fund balance	<u>(540,060)</u>
Fund balance over apportionment	<u><u>\$(373,635)</u></u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$559,436
Less MOE base year requirement	<u>(275,051)</u>
Excess MOE for fiscal year ended June 30, 2011	<u><u>\$284,385</u></u>

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

Results: This procedure is not applicable for the City.

11. For the cities and County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

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

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

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

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

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

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

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

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

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

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

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

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

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

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

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

Results: This procedure is not applicable for the City.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

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

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

15. We reviewed and documented any prior year findings and recommendations.

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

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

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

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

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McLann P.C.

Irvine, California
June 13, 2012

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Findings and Recommendations

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

As of June 30, 2011, the ending fund balance of the *TransNet* funds of the City of Imperial Beach (City), which includes total Local Streets and Roads and Local Street Improvements, was \$540,060, which exceeded 30% of its annual apportionment.

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

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

Recommendation

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

Management Response

The City has three (3) streets improvement project in FY2011-2012. The design review is 90% complete. The City Engineer's estimate of construction cost is \$635,242 and will start in approximately two (2) months after the project goes out for bidding. We expect to fully spend the excess cash balance in FY2011-2012 to comply with the *TransNet* 30% rule.

CITY OF IMPERIAL BEACH, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
	TransNet Extension:							
	Local Street Improvements:							
	Congestion Relief:							
IB12	Major Street Improvements	\$ 451,437	\$ 1,182,200	\$ 1,333	\$ (876,920)	\$ -	758,050	
	Total Congestion Relief	451,437	1,182,200	1,333	(876,920)	-	758,050	
	Maintenance:							
IB02	Street Maintenance - Operations	(371,582)	319,800	-	(166,500)	-	(218,282)	(a)
	Total Maintenance	(371,582)	319,800	-	(166,500)	-	(218,282)	
	GASB 31 market value adjustment	-	-	292	-	-	292	
	Total Local Street Improvements	79,855	1,502,000	1,625	(1,043,420)	-	540,060	
	Total <i>TransNet</i> Extension	\$ 79,855	\$ 1,502,000	\$ 1,625	\$ (1,043,420)	\$ -	\$ 540,060	

Notes:

(a) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), no additional funding will be requested until the City is in compliance.

CITY OF IMPERIAL BEACH, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project

Year Ended June 30, 2011

<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, 2011</u>
	TransNet Extension:					
	Local Street Improvements:					
	Congestion Relief:					
IB12	Major Street Improvements	\$ 1,432,294	\$ 10,750	\$ (1,239,230)	\$ 554,236	\$ 758,050
	Total Congestion Relief	1,432,294	10,750	(1,239,230)	554,236	758,050
	Maintenance:					
IB02	Street Maintenance - Operations	426,945	-	(645,227)	-	(218,282)
	Total Maintenance	426,945	-	(645,227)	-	(218,282)
	GASB 31 market value adjustment	-	292	-	-	292
	Total Local Street Improvements	1,859,239	11,042	(1,884,457)	554,236	540,060
	Total Cumulative <i>TransNet</i> Extension	\$ 1,859,239	\$ 11,042	\$ (1,884,457)	\$ 554,236	\$ 540,060

CITY OF IMPERIAL BEACH, CALIFORNIA

TransNet Extension Activities

RTCIP

Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Status June 30, 2011
Year ended June 30, 2009	\$ 4,108	-	\$ 34	\$ -	-	\$ 4,142
Year ended June 30, 2010	8,160	-	71	-	-	8,231
Year ended June 30, 2011	-	-	-	-	-	-
Total RTCIP Funds	\$ 12,268	\$ -	\$ 105	\$ -	\$ -	\$ 12,373

CITY OF LA MESA, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of La Mesa, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

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

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

Results: The City recorded total expenditures in the amount of \$1,094,639. We selected \$387,242 (35.38%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

Results: Two *TransNet* projects were completed during FY 10 for which no action was taken in FY 11. The projects are still being reported on Schedule A. See Finding Number 1 in the Findings and Recommendations section of this report.

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

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

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent

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

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

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

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

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

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

Fiscal year 2011 apportionment	\$1,165,233
Less: debt service payment	<u> -</u>
Net estimated apportionment	1,165,233
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	349,570
Less: local streets and roads negative fund balance	<u>693,536</u>
Fund balance under apportionment	<u>\$1,043,106</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$3,050,420
Less MOE base year requirement	<u>(1,931,914)</u>
Excess MOE for fiscal year ended June 30, 2011	<u>\$1,118,506</u>

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

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the fiscal year ended June 30, 2011.

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

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

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

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the recipient agency. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

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

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

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

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

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

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

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

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

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

- vi. We identified interest income for the fiscal year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

Results: This procedure is not applicable for the City.

- 13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

- 14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

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

Results: The City had two prior year findings in that interest was not allocated to *TransNet* projects with a positive beginning balance and to RTCIP funds. As of June 30, 2011, these findings have been resolved.

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

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

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

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
June 13, 2012

CITY OF LA MESA, CALIFORNIA

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

Findings and Recommendations

(1) **Council Approval to be Obtained for Project Transfers**

There are 2 projects on the City of La Mesa's Schedule A that were completed during FY 10 and remained on Schedule A for FY 11. The City has not taken action to transfer the remaining balances to *TransNet*-eligible projects within the same program or related Programs. There are 12 projects that have been completed and, according to the City, the remaining funds will be reallocated to current projects during the FY 13 budget cycle.

Board Policy No. 031, Rule #17, Section III.B.1 states, in part:

“...once a project is identified as completed and there are *TransNet* funds remaining with that project, the agency is required to transfer the balance to another *TransNet*-eligible project (any project included in the approved Program of Projects). ...Completed projects should no longer show in the following year's audit.”

Additionally, Board Policy No. 031, Rule #17, Section III.B.4 states, in part:

“...any transfer of *TransNet* funds from one project to another requires the local agency to provide documentation that its governing body consents to the transfer proposed prior to or concurrent with the final issuance of the fiscal year audit...”

Recommendation

We recommend the City taken action to transfer the remaining balances to other *TransNet*-eligible projects within the same program or related programs.

Management Response

The City concurs with the recommendation of transferring the remaining balances to other projects, as appropriate. The issue seems to be one of the timing of the transfer. The City understands the Board's Policy. As a practical matter, however, it is more efficient for the City to transfer the remaining balances for these projects to new projects as part of the comprehensive update of the RTIP schedule. This schedule is being presented to our Council no later than June, 2012. It is expected Council will approve the new RTIP schedule, including the transfer of any remaining balances from closed projects, at that time.

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	CIP Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income(h)	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
TransNet:									
Local Streets and Roads:									
LAM05	302052TR	Traffic Signal Improvement 05	\$ 22,615	\$ -	\$ -	\$ -	\$ -	\$ 22,615	(a)
LAM09	302041TR	Curb, Gutter, Sidewalk Replacement 04	3,811	-	-	-	-	3,811	(b)
LAM10	302046TR	Street Surfacing 04	48,280	-	-	-	-	48,280	(a)
LAM10	302054TR	Street Surfacing 05	2,635	-	-	-	-	2,635	(a)
		Total LAM10 Projects	50,915	-	-	-	-	50,915	
LAM11	302036TR	Jackson and La Mesa Blvd St Light Utility	17,775	-	-	(14,840)	-	2,935	
LAM11	302057TR	Street Lights - Overhead Undergrounding	52,692	-	-	(36,181)	-	16,511	
		Total LAM11 Projects	70,467	-	-	(51,021)	-	19,446	
LAM12	302035TR	Pavement Management System - Update	328	-	-	-	-	328	(a)
LAM12	302056TR	Pavement Management Program 05	16,758	-	-	-	-	16,758	(a)
		Total LAM12 Projects	17,086	-	-	-	-	17,086	
LAM13	302042TR	SW Pedestrian Ramp Inventory	54,205	-	-	-	-	54,205	(b)
LAM14	302045TR	Traffic Calming Program	201	-	-	-	-	201	(a)
LAM14	302053TR	Traffic Calming Program 05	644	-	-	-	-	644	(a)
		Total LAM14 Projects	845	-	-	-	-	845	
		Subtotal Local Streets and Roads	219,944	-	-	(51,021)	-	168,923	

SCHEDULE A

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

MPO ID	CIP Number	Project Name	Project Status		Funds Received	Interest Income(h)	Project Expenditures	City Adjustments	Project Status		Notes
			July 1, 2010	June 30, 2011					June 30, 2011	June 30, 2011	
		Balance carried forward	\$ 219,944	\$ -	\$ -	\$ (51,021)	\$ -	\$ -	\$ 168,923		
LAM17	302061TR	Street Surfacing 06	84,969	-	-	-	-	-	84,969	(a)	
LAM17	302081TR	Street Surfacing 08	268,978	-	-	(268,978)	-	-	-		
		Total LAM17 Projects	353,947	-	-	(268,978)	-	-	84,969		
LAM19	302062TR	Pavement Management Program 06	1,115	-	-	-	-	-	1,115	(a)	
LAM20	302074TR	Curb, Gutter, S/W RPL 07	4,218	-	-	-	-	-	4,218		
LAM21	302064TR	Street Lights - Overhead Undergrounding 06	69,305	-	-	-	-	-	69,305	(e)	
LAM22	302065TR	Traffic Signal Improvement 06	24,345	-	-	(24,345)	-	-	-		
LAM25	302086TR	Traffic Calming Program 08	14,408	-	-	(14,408)	-	-	-		
		Total Local Streets and Roads	687,282	-	-	(358,752)	-	-	328,530		
		Total TransNet	\$ 687,282	\$ -	\$ -	\$ (358,752)	\$ -	\$ -	\$ 328,530		

SCHEDULE A

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

MPO ID	CIP Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income(h)	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LAM17	302072TR	Street Surfacing 07	\$ -	\$ 139,639	\$ -	\$ (139,639)	\$ -	\$ -	
LAM17	302081TR	Street Surfacing 08	-	18,459	-	(18,459)	-	-	
LAM17	302100TR	Street Surfacing 10	(15,319)	12,737	-	-	2,582	-	(g)
LAM17	302110TR	Street Surfacing 11	-	37,498	-	(2,276)	-	35,222	
LAM17	302091TR	Commercial - Paper St Resurfacing	67,062	-	-	-	-	67,062	
		Total LAM17 Projects	51,743	208,333	-	(160,374)	2,582	102,284	
LAM21	302094TR	St Lights - Overhead Util Underground 09	18,337	-	-	-	-	18,337	(f)
LAM22	302065TR	Traffic Signal Improvement 06	-	-	-	(4,985)	-	(4,985)	(d)
LAM22	302076TR	Traffic Signal Improvement 07	-	33,333	-	(63,229)	-	(29,896)	(d)
LAM22	302085TR	Traffic Signal Improvement 08	-	-	-	(5,214)	-	(5,214)	(d)
		Total LAM22 Projects	-	33,333	-	(73,428)	-	(40,095)	
LAM24	304090TR	Roadway Drainage Improvements 09	189,248	-	-	(17,046)	-	172,202	(c)
LAM24	304100TR	Roadway Drainage Improvements 10	(237,151)	-	-	(62,065)	-	(299,216)	(d)
LAM24	304110TR	Roadway Drainage Improvements 11	-	-	-	(42,800)	-	(42,800)	(d)
LAM24	304080TR	Storm Drain Assessment & Replacement 08	(53,253)	-	-	-	-	(53,253)	(d)
		Total LAM24 Projects	(101,156)	-	-	(121,911)	-	(223,067)	
		Total Congestion Relief	(31,076)	241,666	-	(355,713)	2,582	(142,541)	
Maintenance:									
LAM18	General Fund	Street Maintenance	(288,281)	-	-	(170,000)	-	(458,281)	(c)
		Subtotal Maintenance	(288,281)	-	-	(170,000)	-	(458,281)	

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

MPO ID	CIP Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income(h)	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	\$	
		Balance carried forward	\$ (288,281)	-	-	\$ (170,000)	-	\$ (458,281)	
LAM19	302073TR	Pavement Management Program 07	(13,717)	-	-	-	-	(13,717)	(c)
LAM19	302082TR	Pavement Management Program 08	(14,735)	-	-	(10,265)	-	(25,000)	(c)
LAM19	302092TR	Update Pavement Management Prgm 09	3,336	-	-	(5,000)	-	(1,664)	(d)
		Total LAM 19 Projects	(25,116)	-	-	(15,265)	-	(40,381)	
LAM20	302083TR	Curb, Gutter, S/W RPL 08	(100,000)	-	-	-	-	(100,000)	(c)
LAM20	302093TR	Curb, Gutter, S/W RPL 09	-	-	-	(1,379)	-	(1,379)	(d)
LAM20	302102TR	Curb, Gutter, S/W RPL 10	(73,631)	33,333	-	(34,040)	-	(74,338)	(c)
LAM20	302112TR	Curb, Gutter, S/W RPL 11	-	-	-	(85,922)	-	(85,922)	(d)
		Total LAM 20 Projects	(173,631)	33,333	-	(121,341)	-	(261,639)	
LAM23	302104TR	Install Pedestrian Ramps 10	(40,300)	16,667	-	(2,056)	-	(25,689)	(c)
LAM23	302115TR	Install Pedestrian Ramps 11	-	-	-	(50,000)	-	(50,000)	(d)
LAM23	302080TR	Install Pedestrian Ramps 08	(44,943)	-	-	-	-	(44,943)	(c)
		Total LAM 23 Projects	(85,243)	16,667	-	(52,056)	-	(120,632)	
LAM25	302077TR	Traffic Calming Program 07	-	-	-	(9,890)	-	(9,890)	(d)
LAM25	302086TR	Traffic Calming Program 08	-	-	-	(11,621)	-	(11,621)	(d)
LAM25	302096TR	Traffic Calming Program 09	22,920	-	-	-	-	22,920	
		Total LAM 25 Projects	22,920	-	-	(21,511)	-	1,409	
		Total Maintenance	(549,351)	50,000	-	(380,174)	-	(879,525)	
		Total Local Street Improvements	(580,427)	291,666	-	(735,887)	2,582	(1,022,066)	
		Total <i>TransNet</i> Extension	\$ (580,427)	\$ 291,666	\$ -	\$ (735,887)	2,582	\$ (1,022,066)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 106,855	\$ 291,666	\$ -	\$ (1,094,639)	2,582	\$ (693,536)	

SCHEDULE A

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

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status</u> July 1, 2010	<u>Funds Received</u>	<u>Interest Income(h)</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status</u> June 30, 2011	<u>Notes</u>
---------------	-------------------	---------------------	---------------------------------------	-----------------------	---------------------------	-----------------------------	-------------------------	--	--------------

Notes:

- (a) Projects have been completed and the remaining funds will be reallocated to current projects during the FY 13 budget cycle. The budget will then go to Council for approval. The next step in the process will be to file an RTIP amendment with SANDAG to reallocate the *TransNet* balances.
- (b) Project was completed during FY 10. No action was taken during FY 11. The remaining funds will be reallocated to current projects that are similar in nature to the original project and related MPO IDs. See Finding 1 in the Findings and Recommendations section of this report.
- (c) Funding was to be requested during FY 11. Funding will be requested in FY 12.
- (d) Funding has already been requested or will be requested in FY 12.
- (e) This project has had no activity for the past 2 years but is still an active project. Funds will be expended during FY 12 and FY 13.
- (f) This project has had no activity for the past 2 years but is still an active project. Funds will be expended during FY 12 and FY 13.
- (g) This amount represents a refund paid to the City by a company. The refund is due to actual costs being less than the original estimate.
- (h) Positive interest was not earned in FY 11. This is due to the lack of drawing down funds as needed. As a result, no interest was allocated.

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:							
Local Street Improvements:							
Congestion Relief:							
LAM17	302072TR	Street Surfacing 07	\$ 139,639	-	\$(139,639)	-	\$ -
LAM17	302081TR	Street Surfacing 08	18,459	-	(18,459)	-	-
LAM17	302100TR	Street Surfacing 10	12,737	-	(12,737)	-	-
LAM17	302110TR	Street Surfacing 11	37,498	-	(2,276)	-	35,222
LAM17	302091TR	Commercial - Paper St Resurfacing	66,664	-	398	-	67,062
		Total LAM17 Projects	274,997	-	(172,713)	-	102,284
LAM21	302094TR	St Lights - Overhead Util Underground 09	18,337	-	-	-	18,337
LAM22	302065TR	Traffic Signal Improvement 06	-	-	(4,985)	-	(4,985)
LAM22	302076TR	Traffic Signal Improvement 07	33,333	-	(63,229)	-	(29,896)
LAM22	302085TR	Traffic Signal Improvement 08	-	-	(5,214)	-	(5,214)
		Total LAM22 Projects	33,333	-	(73,428)	-	(40,095)
LAM24	304040TR	Roadway Drainage Improvements 09	503,332	-	(331,130)	-	172,202
LAM24	304080TR	Roadway Drainage Improvements 10	-	-	(299,216)	-	(299,216)
LAM24	304110TR	Roadway Drainage Improvements 11	-	-	(42,800)	-	(42,800)
LAM24	304080TR	Storm Drain Assessment & Replacement 08	-	-	(51,123)	(2,130)	(53,253)
		Total LAM24 Projects	503,332	-	(724,269)	(2,130)	(223,067)
		Total Congestion Relief	829,999	-	(970,410)	(2,130)	(142,541)
LAM18	General Fund	Maintenance:					
		Street Maintenance	-	-	(401,609)	(56,672)	(458,281)
		Subtotal Maintenance	\$ -	\$ -	\$(401,609)	\$(56,672)	\$(458,281)

SCHEDULE B

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

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
			\$	\$	\$	\$	\$
		Balance carried forward	-	-	(401,609)	(56,672)	(458,281)
LAM19	302073TR	Pavement Management Program 07	-	-	(13,717)	-	(13,717)
LAM19	302082TR	Pavement Management Program 08	-	-	(25,000)	-	(25,000)
LAM19	302092TR	Update Pavement Management Prgrm 09	3,336	-	(5,000)	-	(1,664)
		Total LAM 19 Projects	3,336	-	(43,717)	-	(40,381)
LAM20	302083TR	Curb, Gutter, S/W RPL 08	-	-	(100,000)	-	(100,000)
LAM20	302093TR	Curb, Gutter, S/W RPL 09	97,347	-	(98,726)	-	(1,379)
LAM20	302102TR	Curb, Gutter, S/W RPL 10	50,573	-	(124,911)	-	(74,338)
LAM20	302112TR	Curb, Gutter, S/W RPL 11	-	-	(85,922)	-	(85,922)
		Total LAM 20 Projects	147,920	-	(409,559)	-	(261,639)
LAM23	302080TR	Install Pedestrian Ramps 08	-	-	(44,943)	-	(44,943)
LAM23	302090TR	Install Pedestrian Ramps 09	50,000	-	(50,000)	-	-
LAM23	302104TR	Install Pedestrian Ramps 10	20,839	-	(46,528)	-	(25,689)
LAM23	302115TR	Install Pedestrian Ramps 11	-	-	(50,000)	-	(50,000)
		Total LAM 23 Projects	70,839	-	(191,471)	-	(120,632)
LAM25	302077TR	Traffic Calming Program 07	-	-	(9,890)	-	(9,890)
LAM25	302086TR	Traffic Calming Program 08	-	-	(11,621)	-	(11,621)
LAM25	302096TR	Street Reconstruction 09	22,920	-	-	-	22,920
		Total LAM 25 Projects	22,920	-	(21,511)	-	1,409
		Total Maintenance	245,015	-	(1,067,868)	(56,672)	(879,525)

SCHEDULE B

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

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
		Total Local Street Improvements	1,075,014	-	(2,038,278)	(58,802)	(1,022,066)
		Total Cumulative <i>TransNet</i> Extension	\$ 1,075,014	\$ -	\$ (2,038,278)	\$ (58,802)	\$ (1,022,066)

CITY OF LA MESA, CALIFORNIA

TransNet Extension Activities

RTCIP Funds

Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Status June 30, 2011
Year ended June 30, 2009	\$ 2,020	\$ -	\$ -	\$ -	\$ -	\$ 2,020
Year ended June 30, 2010	-	-	-	-	-	-
Year ended June 30, 2011	-	-	-	-	-	-
 Total RTCIP funds	 <u>\$ 2,020</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,020</u>

CITY OF LEMON GROVE, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Lemon Grove, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

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

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

Results: The City recorded total expenditures in the amount of \$282,940. We selected \$94,568 (33.42%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

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

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

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

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

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

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

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

Fiscal year 2011 apportionment	\$542,107
Less: debt service payment	<u> -</u>
Net estimated apportionment	542,107
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	162,632
Less: local streets and roads negative fund balance	<u>244,958</u>
Fund balance under apportionment	<u>\$407,590</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$368,124
Less MOE base year requirement	<u>(186,082)</u>
Excess MOE for the year ended June 30, 2011	<u>\$182,042</u>

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

Results: This procedure is not applicable for the City.

11. For the cities and County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

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

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

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

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

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

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

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

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

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

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

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

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

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

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

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

Results: This procedure is not applicable for the City.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

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

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
June 13, 2012

SCHEDULE A

CITY OF LEMON GROVE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
	TransNet Extension:							
	Local Street Improvements:							
	Congestion Relief:							
LG13	Street Improvements - Congestion Relief	\$ (93,578)	\$ -	\$ -	\$ -	\$ 93,578	\$ -	(a)(b)
LG16	Storm Drain Rehabilitation - Congestion Relief	60,117	-	-	(24,922)	-	35,195	(c)
LG18	Traffic Improvements - Congestion Relief	19,549	-	-	(3,684)	-	15,865	(c)
LG20	Street Improvements - Congestion Relief	-	-	-	(226,676)	(5,526)	(232,202)	(d)(e)
	Total Congestion Relief	(13,912)	-	-	(255,282)	88,052	(181,142)	
	Maintenance:							
LG14	Traffic Improvements - Preventive Maintenance	(87,219)	-	-	(9,111)	88,333	(7,997)	(b)(e)
LG15	Storm Drain Rehabilitation - Preventive Maintenance	(591)	-	-	(10,018)	-	(10,609)	(e)
LG17	Street Improvements - Preventive Maintenance	(46,624)	-	-	(8,529)	9,943	(45,210)	(b)(e)
	Total Maintenance	(134,434)	-	-	(27,658)	98,276	(63,816)	
	Total <i>TransNet</i> Extension	\$ (148,346)	\$ -	\$ -	\$ (282,940)	\$ 186,328	\$ (244,958)	

Notes:

- (a) In FY 11, \$72,753 was received from the State of California; subsequent research found that FY 08 expenditures had been incorrectly allocated to Fund 14 (*TransNet*) instead of Fund 08 (Grant Fund). Note (b) includes the remaining \$20,825 of the \$93,578 City Adjustment.
- (b) In FY 11, \$119,101 of qualifying *TransNet* expenditures were moved to Prop 1B Fund since the time limit for the use of Prop 1B funding was about to expire.
- (c) Although the project has a positive beginning balance, no interest was allocated to the fund as the fund in total had negative cash.
- (d) The FY 10 financial audit resulted in an adjustment to the Local Street Improvement - Congestion Relief project. The adjustment was not included in the FY 10 *TransNet* financial statements. The disbursement was charged to a grants fund, and was corrected in FY 10, but subsequent to the completion of *TransNet* fieldwork. As such, this adjustment was not reflected in the FY 10 *TransNet* report.
- (e) The City expects to receive reimbursement from SANDAG in FY 12 for funds expended in FY 11.

SCHEDULE B

CITY OF LEMON GROVE, CALIFORNIA

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
LG13	Street Improvements - Congestion Relief	\$ 64,000	\$ 12,196	\$ (169,774)	\$ 93,578	\$ -
LG16	Storm Drain Rehabilitation - Congestion Relief	142,396	2,858	(110,059)	-	35,195
LG18	Traffic Improvements - Congestion Relief	43,616	308	(28,059)	-	15,865
LG20	Street Improvements - Congestion Relief	-	-	(226,676)	(5,526)	(232,202)
	Total Congestion Relief	<u>250,012</u>	<u>15,362</u>	<u>(534,568)</u>	<u>88,052</u>	<u>(181,142)</u>
Maintenance:						
LG14	Traffic Improvements - Preventative Maintenance	21,084	-	(117,414)	88,333	(7,997)
LG15	Storm Drain Rehabilitation - Preventative Maintenance	10,000	60	(20,669)	-	(10,609)
LG17	Street Improvements - Preventative Maintenance	15,000	49	(70,202)	9,943	(45,210)
	Total Maintenance	<u>46,084</u>	<u>109</u>	<u>(208,285)</u>	<u>98,276</u>	<u>(63,816)</u>
	Total Cumulative TransNet Extension	<u>\$ 296,096</u>	<u>\$ 15,471</u>	<u>\$ (742,853)</u>	<u>\$ 186,328</u>	<u>\$ (244,958)</u>

SCHEDULE C

CITY OF LEMON GROVE, CALIFORNIA
 TransNet Extension Activities
 RTCIP Funds
 Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Status June 30, 2011
Year ended June 30, 2009	\$ 8,139	\$ -	\$ 51	\$ -	\$ -	\$ 8,190
Year ended June 30, 2010	4,080	-	26	-	-	4,106
Year ended June 30, 2011	-	8,324	51	-	-	8,375
Total RTCIP funds	\$ 12,219	\$ 8,324	\$ 128	\$ -	\$ -	\$ 20,671

CITY OF NATIONAL CITY, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of National City, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

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

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

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

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

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

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

Results: The City recorded total expenditures in the amount of \$1,256,843, net of debt service. We selected \$733,476 (58.36%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

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

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

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

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

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

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

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

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

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

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

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

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

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

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

Fiscal year 2011 apportionment	\$1,026,815
Less: debt service payment	<u>(362,556)</u>
Net estimated apportionment	664,259
30% base	<u>30%</u>
Fiscal year 2011 30% threshold	199,278
Less: local streets and roads fund balance	<u>(111,398)</u>
Fund balance under apportionment	<u>\$ 87,880</u>

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

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Interest</u> <u>Payments</u>
Commercial Paper	\$3,750,000	\$ -	\$(3,750,000)	\$ -	\$ -
2010 Series B	-	3,060,700	(273,363)	2,787,337	(89,193)

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$4,280,361
Less MOE base year requirement	<u>(1,843,285)</u>
Excess MOE for the year ended June 30, 2011	<u>\$2,437,076</u>

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

Results: This procedure is not applicable for the City.

11. For the cities and County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

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

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

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

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

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

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

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

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

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

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

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

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

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

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

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology with the provisions of the Ordinance and Board Policy No. 031.

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

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

Results: This procedure is not applicable for the City.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
 - a. We determined that the total administrative expenditures do not exceed one percent of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.
 - b. We reviewed at least 25% of the administrative expenditures and determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for the City.

14. For SANDAG only, we performed the following procedures:
 - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
 - b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues

provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

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

Results: The City had two prior year findings in that its *TransNet* fund balance exceeded 30% of its annual apportionment and interest income was not properly allocated to the RTCIP fund. As of June 30, 2011, these findings were resolved.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
June 13, 2012

SCHEDULE A

CITY OF NATIONAL CITY, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
TransNet:									
Local Streets and Roads:									
NC 01	6569	Plaza Blvd. Widening	\$ 810,313	\$ -	\$ 1,873	\$ (118,646)	\$ -	\$ 693,540	
NC 04	6558	Traffic Signal Install/Upgrade	479,461	-	1,108	(36,759)	-	443,810	
		Total Local Streets and Roads	<u>1,289,774</u>	<u>-</u>	<u>2,981</u>	<u>(155,405)</u>	<u>-</u>	<u>1,137,350</u>	
		Total TransNet	<u>\$ 1,289,774</u>	<u>\$ -</u>	<u>\$ 2,981</u>	<u>\$ (155,405)</u>	<u>\$ -</u>	<u>\$ 1,137,350</u>	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
NC 03	6035	Street Resurfacing Project	\$ (133,569)	\$ -	\$ -	\$ (1,094,578)	\$ -	\$ (1,228,147)	(a)
NC 04	6558	Traffic Signal Install/Upgrade	201,729	-	466	-	-	202,195	(b)
		Commercial Paper Debt Service	-	3,750,000	-	(3,750,000)	-	-	
		2010 Series B Bonds Debt Service	-	362,556	-	(362,556)	-	-	
		Total Congestion Relief	<u>68,160</u>	<u>4,112,556</u>	<u>466</u>	<u>(5,207,134)</u>	<u>-</u>	<u>(1,025,952)</u>	
Bike and Pedestrian:									
NC 11	1013	Sweetwater River Bike Path	-	6,174	-	(6,860)	-	(686)	(c)
		Total Bikes & Pedestrians	<u>-</u>	<u>6,174</u>	<u>-</u>	<u>(6,860)</u>	<u>-</u>	<u>(686)</u>	
		Total TransNet Extension	<u>\$ 68,160</u>	<u>\$ 4,118,730</u>	<u>\$ 466</u>	<u>\$ (5,213,994)</u>	<u>\$ -</u>	<u>\$ (1,026,638)</u>	
		Total TransNet and TransNet Extension	<u>\$ 1,357,934</u>	<u>\$ 4,118,730</u>	<u>\$ 3,447</u>	<u>\$ (5,369,399)</u>	<u>\$ -</u>	<u>\$ 110,712</u>	

Notes:

- (a) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 11. Now that the City is in compliance with the 30% Rule, reimbursement will be requested.
- (b) Although this project has had no activity for the past few years, the project will be in the final design phase during FY 12, with construction beginning in FY 13. The delay was due to a lack of construction funding. All funds should be expended by the end of construction.
- (c) Balance represents retention withheld by SANDAG. Funds will be requested in FY 12.

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:							
Local Street Improvements:							
Congestion Relief:							
NC 03	6035	Street Resurfacing Project	\$ 4,500,000	\$ 432	\$ (5,728,579)	\$ -	\$ (1,228,147)
NC 04	6558	Traffic Signal Install/Upgrade	200,000	2,195	-	-	202,195
		Commercial Paper Debt Service	3,750,000	-	(3,750,000)	-	-
		2010 Series B Bonds Debt Service	362,556	-	(362,556)	-	-
		Total Congestion Relief	<u>8,812,556</u>	<u>2,627</u>	<u>(9,841,135)</u>	<u>-</u>	<u>(1,025,952)</u>
		Total Local Street Improvements	<u>8,812,556</u>	<u>2,627</u>	<u>(9,841,135)</u>	<u>-</u>	<u>(1,025,952)</u>
Bike and Pedestrian:							
NC 11	1013	Sweetwater River Bike Path	6,174	-	(6,860)	-	(686)
		Total Bikes & Pedestrian	<u>6,174</u>	<u>-</u>	<u>(6,860)</u>	<u>-</u>	<u>(686)</u>
		Total Cumulative TransNet Extension	<u>\$ 8,818,730</u>	<u>\$ 2,627</u>	<u>\$ (9,847,995)</u>	<u>\$ -</u>	<u>\$ (1,026,638)</u>

SCHEDULE C

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 RTCIP Funds
 Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Status June 30, 2011
Year ended June 30, 2009	\$ 16,000	\$ -	\$ 126	\$ -	\$ -	\$ 16,126
Year ended June 30, 2010	359,560	-	2,830	-	-	362,390
Year ended June 30, 2011	-	39,699	313	-	-	40,012
Total RTCIP Funds	\$ 375,560	\$ 39,699	\$ 3,269	\$ -	\$ -	\$ 418,528

CITY OF OCEANSIDE, CALIFORNIA

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

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Oceanside, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total expenditures in the amount of \$7,677,057. We selected \$2,081,536 (27.11%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows.

Fiscal year 2011 apportionment	\$3,560,449
Less: debt service payment	_____ -
Net estimated apportionment	3,560,449
30% base	_____ 30%
Fiscal year 2010 30% threshold	1,068,135
Less: local streets and roads negative fund balance	<u>1,943,155</u>
Fund balance under apportionment	<u>\$3,011,290</u>

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

9. For the cities and County of San Diego only, we reviewed the maintenance of effort (MOE) requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City had an outstanding unmet MOE requirement for the prior year in the amount of \$1,310,184. In the City's response to the prior year finding, the City had indicated that it would satisfy the unmet MOU over a three-year period, with an estimated \$100,000 being due for the year ended June 30, 2011. MOE activity for the year ended June 30, 2011, is summarized as follows.

The local discretionary expenditures reported on Schedule 3 of the Annual Street Report were \$1,986,767. Subsequent to the submission of the report, the City identified additional local discretionary expenditures in the amount of \$1,526,199, which were submitted to the State Controller's Office. The State Controller has indicated that changes will be made to the subsequent report as opposed to restating

the current report. The calculation of compliance with the MOE below takes into account these changes submitted by the City.

Current year local discretionary expenditures	\$3,512,966
Less MOE base year requirement	<u>(2,931,649)</u>
Excess MOE for fiscal year ended June 30, 2011 ¹	<u>\$ 581,317</u>

¹ Calculation of remaining MOE deficit:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Additional MOE</u>	<u>MOE</u> <u>Deficit Balance</u>
2010	\$ -	\$(1,310,184)
2011	581,317	(728,867)

10. We reviewed transit operator eligibility for receipt of funds.

Results: This procedure is not applicable for the City.

11. For the cities and County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

a. We obtained a general ledger for the RTCIP fund from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the recipient agency. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2011, or footnoted any restatements.

i. We determined that the recipient agency is using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$92,418. We selected \$26,502 (28.68%) for testing. No exceptions were noted as a result of our procedures.

- v. We determined whether the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

Results: No exceptions were noted as a result of our procedures.

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- 12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for the City.

- 13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

- 14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

15. We reviewed and documented the status of any prior year findings and recommendations.

Results: The City had one prior year finding in that the City did not meet its MOE requirement. As of June 30, 2011, this finding has been partially resolved. At June 30, 2010, the unmet MOE was \$1,310,184. The City had committed to eliminating its unmet MOE by June 30, 2013. During the year ended June 30, 2011, the City had excess MOE of \$581,317, which was applied to this deficit, leaving a remaining unmet MOE of \$728,867.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
June 13, 2012

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		July 1, 2010	June 30, 2011						
TransNet:									
Local Streets and Roads:									
O06	Melrose Dr. Extension	\$ 1,414,219	\$ -	\$ 423	\$ -	\$ (1,117,499)	\$ 297,143	(h)	
O14	No Coast Hwy Bridge Seismic Retro	765,710	-	229	(36,914)	-	729,025		
O14	Douglas Dr. Bridge Seismic Retro	631,870	-	189	(39,408)	-	592,651		
	Total O14 Projects	1,397,580	-	418	(76,322)	-	1,321,676		
O18	Misc Sidewalks/ADA	737,166	-	-	(737,166)	-	-		
	Total Local Streets and Roads	3,548,965	-	841	(813,488)	(1,117,499)	1,618,819		
	Total <i>TransNet</i>	\$ 3,548,965	\$ -	\$ 841	\$ (813,488)	\$ (1,117,499)	\$ 1,618,819		

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		July 1, 2010	June 30, 2011						
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
O06	Melrose Dr. Extension Design	\$ (1,073,431)	\$ 25,000	\$ -	\$ (69,068)	\$ 1,117,499	\$ -	(h)	
O17	Loma Alta Creek Detention Basins	-	700,000	-	(746,498)	-	(46,498)	(a)	
O22	College VW to Olive	(200,000)	200,000	-	-	-	-	(c)	
O23	College Bridge Widen @ SLR	(107,277)	125,000	-	-	-	17,723		
O24	Industry Street	(40,764)	-	-	-	-	(40,764)	(d)	
O24	Street Restoration	(3,443,725)	3,000,000	-	(1,198,300)	-	(1,642,025)	(c)(d)	
	Total O24 Projects	(3,484,489)	3,000,000	-	(1,198,300)	-	(1,682,789)		
O25	Adp Signal TMC Traffic Mgmt Ctr	(260,185)	450,000	-	(200,396)	-	(10,581)	(e)	
O26	SR76 Thru Lanes	(11,979)	50,000	-	(29,464)	-	8,557		
O27	Coast Hwy Roundabout	(891)	50,000	-	(29,616)	-	19,493	(c)(i)	
	Total Congestion Relief	(5,138,252)	4,600,000	-	(2,273,342)	1,117,499	(1,694,095)		

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
 TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status	
		July 1, 2010	June 30, 2011					June 30, 2011	Notes
	Balance carried forward	\$ (5,138,252)	\$ 4,600,000	\$ -	\$ (2,273,342)	\$ 1,117,499	\$ (1,694,095)		
	Maintenance:								
O18	Misc Sidewalks/ADA	-	612,791	220	(98,244)	-	514,767		(c)
O18	Cribwall @ Oblvd & ECR	(50,178)	185,000	-	(134,822)	-	-		(a)(c)
O18	Gateway Corridor Improve/O'side	(13,556)	-	-	-	-	(13,556)		(a)(c)
O18	Str Cavalier MHP Access	(202,700)	-	-	-	-	(202,700)		(a)(c)
O18	RR Quiet Zone Assmnt Proj	(45,586)	-	-	-	-	(45,586)		(a)(c)
O18	Lucky St/McNeill	(129,608)	-	-	-	-	(129,608)		(a)(c)
O18	Misc Traffic Markings	(5,477)	-	-	(53,888)	-	(59,365)		(a)
O18	Misc Street Projects	(1,164,353)	902,209	-	(1,007,008)	-	(1,269,152)		(a)
O18	Neighborhood Traffic Improvement	(151,360)	-	-	(125,729)	-	(277,089)		(a)
O18	Street Restoration	(57,152)	-	-	640	-	(56,512)		(a)
O18	Downtown Intersection	(24,959)	-	-	(109,669)	-	(134,628)		(a)
O18	Sunburst/Maple/Kelton	(74,098)	-	-	-	-	(74,098)		(a)(c)
O18	Surf Rider Storm Drain	-	-	-	(34,746)	-	(34,746)		(a)(c)
O18	Senior Center Road Study	-	-	-	(30,357)	-	(30,357)		(a)(c)
O18	Jeffries Ranch Rd Access Study	-	-	-	(75,667)	-	(75,667)		(f)
	Total O18 Projects	(1,919,027)	1,700,000	220	(1,669,490)	-	(1,888,297)		
O20	Oceanside Blvd Bus Stop ADA Upgd	(115,426)	180,000	-	(44,156)	-	20,418		
	Total Maintenance	(2,034,453)	1,880,000	220	(1,713,646)	-	(1,867,879)		
	Total Local Street Improvements	(7,172,705)	6,480,000	220	(3,986,988)	1,117,499	(3,561,974)		

CITY OF OCEANSIDE, CALIFORNIA

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Name	Project Status	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status	Notes
		July 1, 2010				June 30, 2011		
	Balance carried forward	\$ (7,172,705)	\$ 6,480,000	\$ 220	\$ (3,986,988)	\$ 1,117,499	\$ (3,561,974)	
	Senior Mini-Grant:							
O21	Senior Shuttle	\$ 14,195	\$ 21,777	\$ 4	\$ (106,643)	\$ -	\$ (70,667)	(a)
O21	Senior Taxi	30,941	16,212	9	(54,947)	-	(7,785)	(a)
O21	Solutions for Seniors Volunteer Dr	-	5,417	-	(32,356)	-	(26,939)	(a)
	Total Senior Mini-Grant	\$ 45,136	\$ 43,406	\$ 13	\$ (193,946)	\$ -	\$ (105,391)	
	Total TransNet Extension	\$ (7,127,569)	\$ 6,523,406	\$ 233	\$ (4,180,934)	\$ 1,117,499	\$ (3,667,365)	
	Total TransNet and TransNet Extension	\$ (3,578,604)	\$ 6,523,406	\$ 1,074	\$ (4,994,422)	\$ -	\$ (2,048,546)	
	Non-TransNet:							
O14	El Camino Mesa/Mission	\$ (1,070,818)	\$ -	\$ -	\$ -	\$ 1,070,818	\$ -	(g)
O14	RR Quiet Zone Assmnt Pr	(26,693)	-	-	-	-	(26,693)	(b)(c)
	Total O14 Projects	(1,097,511)	-	-	-	1,070,818	(26,693)	
O18	So Coast Hwy Tree Well	(6,689)	-	-	-	-	(6,689)	(b)(c)
O18	So Coast & Vst Wy Imprv	(11,340)	-	-	-	-	(11,340)	(b)(c)
O18	Cribwall @ Obivd & ECR	-	-	-	(39,191)	-	(39,191)	(b)(c)
O18	College Vista Way	(3,032)	-	-	(17,394)	3,032	(17,394)	(b)(c)(g)
O18	Mesa Drive Parkway	(9,181)	-	-	-	9,181	-	(c)(g)
	Total O18 Projects	(30,242)	-	-	(56,585)	12,213	(74,614)	
	Subtotal Non-TransNet	(1,127,753)	-	-	(56,585)	1,083,031	(101,307)	

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		July 1, 2010	June 30, 2011						
	Balance carried forward	\$ (1,127,753)	\$ -	-	-	\$ (56,585)	\$ 1,083,031	\$ (101,307)	
O22	College VW to Olive	(263,986)	-	-	-	-	-	(263,986)	(b)(c)
O24	Industry Street	-	-	-	-	(8,572)	8,572	-	(c)(j)
O24	Street Restoration	-	-	-	-	(2,617,478)	2,617,478	-	(i)
	Total O24 Projects	-	-	-	-	(2,626,050)	2,626,050	-	
	Total Non- <i>TransNet</i>	\$ (1,391,739)	\$ -	-	-	\$ (2,682,635)	\$ 3,709,081	\$ (365,293)	
	Total <i>TransNet</i> , <i>TransNet</i> Extension and Non- <i>TransNet</i>	\$ (4,970,343)	\$ 6,523,406	\$ 1,074	\$ 1,074	\$ (7,677,057)	\$ 3,709,081	\$ (2,413,839)	

Notes:

- (a) The City will request a drawdown in FY 12 to remove the deficit.
- (b) The City will remove the deficit with a transfer from local (non-*TransNet*) funds in FY 12.
- (c) The project is complete.
- (d) The City will draw FY 12 programmed funds of \$2,500,000 to cover expenditures.
- (e) The City will draw FY 12 programmed funds of \$400,000 to cover expenditures.
- (f) The City will submit a *TransNet* amendment by the end of FY 12 to allow sufficient draw of funds in FY 13 to remove the deficit.
- (g) The City reduced or eliminated the deficit with a transfer from local (non-*TransNet*) funds as authorized by City Council agenda item #10 approved on May 4, 2011.
- (h) The funding available in the Melrose Extension was transferred by the City to the Melrose Extension Design to cover the deficit. They are both the same project.
- (i) The City will apply remaining funds to other eligible projects after obtaining proper approval in FY 12.
- (j) The City eliminated the deficit by transferring the balances to be paid with Non-*TransNet* revenue.

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2011

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
O06	Melrose Dr. Extension Design	\$ 25,000	\$ -	\$ (1,142,499)	\$ 1,117,499	\$ -
O17	Loma Alta Creek Detention Basins	700,000	-	(746,498)	-	(46,498)
O22	College VW to Olive	200,000	-	(200,000)	-	-
O23	College Bridge Widen @ SLR	125,000	-	(107,277)	-	17,723
O24	Industry Street	-	-	(40,764)	-	(40,764)
O24	Street Restoration	3,000,000	-	(4,642,025)	-	(1,642,025)
	Total O24 Projects	3,000,000	-	(4,682,789)	-	(1,682,789)
O25	Adp Signal TMC Traffic Mgmt Ctr	450,000	-	(460,581)	-	(10,581)
O26	SR76 Thru Lanes	50,000	-	(41,443)	-	8,557
O27	Coast Hwy Roundabout	50,000	-	(30,507)	-	19,493
	Total Congestion Relief	4,600,000	-	(7,411,594)	1,117,499	(1,694,095)

SCHEDULE B

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project
(Continued)

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
	Balance carried forward	\$ 4,600,000	\$ -	\$ (7,411,594)	\$ 1,117,499	\$ (1,694,095)
	Maintenance:					
O18	Misc Sidewalks/ADA	612,791	220	(98,244)	-	514,767
O18	Cribwall @ Oblvd & ECR	185,000	-	(185,000)	-	-
O18	Gateway Corridor Improve/O'side	-	-	(13,556)	-	(13,556)
O18	Str Cavalier MHP Access	-	-	(202,700)	-	(202,700)
O18	RR Quiet Zone Assment Proj	-	-	(45,586)	-	(45,586)
O18	Lucky St/McNeill	-	-	(129,608)	-	(129,608)
O18	Misc Traffic Markings	-	-	(59,365)	-	(59,365)
O18	Misc Street Projects	902,209	-	(2,171,361)	-	(1,269,152)
O18	Neighborhood Traffic Improvement	-	-	(277,089)	-	(277,089)
O18	Street Restoration	-	-	(56,512)	-	(56,512)
O18	Downtown Intersection	-	-	(134,628)	-	(134,628)
O18	Sunburst/Maple/Kelton	-	-	(74,098)	-	(74,098)
O18	Surf Rider Storm Drain	-	-	(34,746)	-	(34,746)
O18	Senior Center Road Study	-	-	(30,357)	-	(30,357)
O18	Jeffries Ranch Rd Access Study	-	-	(75,667)	-	(75,667)
	Total O18 Projects	1,700,000	220	(3,588,517)	-	(1,888,297)
O20	Oceanside Blvd Bus Stop ADA Upgd	180,000	-	(159,582)	-	20,418
	Total Maintenance	1,880,000	220	(3,748,099)	-	(1,867,879)
	Total Local Street Improvements	\$ 6,480,000	\$ 220	\$ (11,159,693)	\$ 1,117,499	\$ (3,561,974)

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project
(Continued)

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
	Balance carried forward	\$ 6,480,000	\$ 220	\$ (11,159,693)	\$ 1,117,499	\$ (3,561,974)
	Senior Mini-Grant:					
O21	Senior Shuttle	40,312	4	(110,983)	-	(70,667)
O21	Senior Taxi	49,188	9	(56,982)	-	(7,785)
O21	Solutions for Seniors Volunteer Dr	5,417	-	(32,356)	-	(26,939)
	Total Senior Mini-Grant	94,917	13	(200,321)	-	(105,391)
	Total Cumulative TransNet Extension	\$ 6,574,917	\$ 233	\$ (11,360,014)	\$ 1,117,499	\$ (3,667,365)

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

RTCIP Funds

Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
Year ended June 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year ended June 30, 2010	82,473	-	-	(82,473)	-	-
Year ended June 30, 2011	-	118,617	1,199	(9,945)	-	109,871
Total RTCIP Funds	\$ 82,473	\$ 118,617	\$ 1,199	\$ (92,418)	\$ -	\$ 109,871

CITY OF POWAY, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Poway, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total expenditures in the amount of \$1,218,239. We selected \$1,028,874 (84.46%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that is reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2011 apportionment	\$1,168,554
Less: debt service payment	<u> -</u>
Net estimated apportionment	1,168,554
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	350,566
Less: local streets and roads fund balance	<u> (31,249)</u>
Fund balance under apportionment	<u>\$ 319,317</u>

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$2,612,763
Less MOE base year requirement	<u>(1,142,408)</u>
Excess MOE for the year ended June 30, 2011	<u>\$1,470,355</u>

10. We reviewed transit operator eligibility for receipt of funds.

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

- a. We obtained a general ledger for the RTCIP fund from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed.

- iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: No exceptions were noted as a result of our procedures.

- v. We determined whether the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vi. We identified interest income for the year ended June 30, 2011 and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for the City.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McClann P.C.

Irvine, California
June 13, 2012

SCHEDULE A

CITY OF POWAY, CALIFORNIA

TransNet Extension Activities

Schedule of Status of Funds by Project
Year Ended June 30, 2011

MPO ID	Project Name	Project Status July 1, 2010 (a)	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:							
Local Street Improvements:							
Congestion Relief:							
POW 01A	Citywide major reconstruction	\$ 4,394	\$ -	\$ 63	\$ -	\$ -	\$ 4,457
POW 10	Road construction and overlay projects	(1,103)	800,900	-	(793,000)	-	6,797
	Total Congestion Relief	3,291	800,900	63	(793,000)	-	11,254
Maintenance:							
POW 04	Citywide street maintenance	172,443	-	276	(172,719)	-	-
POW 14	Citywide street maintenance	-	272,000	433	(252,520)	-	19,913
	Total Maintenance	172,443	272,000	709	(425,239)	-	19,913
	GASB 31 market value adjustment	1,178	-	(1,096)	-	-	82
	Total TransNet Extension	\$ 176,912	\$ 1,072,900	\$ (324)	\$ (1,218,239)	\$ -	\$ 31,249

Note:

(a) The City restated the Project Status as of July 1, 2010 in order to segregate the activity related to recording the City's investments at fair market value (a noncash activity).

SCHEDULE B

CITY OF POWAY, CALIFORNIA

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year ended June 30, 2011

MPO ID	Project Name	Funds Received (a)	Interest Income (a)	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
POW 01A	Citywide major reconstruction	\$ 946,000	\$ 4,489	\$ (946,032)	\$ -	\$ 4,457
POW 10	Road construction and overlay projects	1,330,900	189	(1,324,292)	-	6,797
	Total Congestion Relief	2,276,900	4,678	(2,270,324)	-	11,254
Maintenance:						
POW 04	Citywide street maintenance	750,000	3,953	(753,953)	-	-
POW 14	Citywide street maintenance	272,000	433	(252,520)	-	19,913
	Total Maintenance	1,022,000	4,386	(1,006,473)	-	19,913
	GASB 31 market value adjustment	1,178	(1,096)	-	-	82
Completed Projects:						
Local Street Improvements:						
Congestion Relief:						
		987,000	-	(987,000)	-	-
	Total TransNet Extension	\$ 4,287,078	\$ 7,968	\$ (4,263,797)	\$ -	\$ 31,249

Note:

(a) The City restated the Project Status as of July 1, 2010 in order to segregate the activity related to recording the City's investments at fair market value (a noncash activity).

CITY OF POWAY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2011

Project year	Project Status July 1, 2010 (a)	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
Year ended June 30, 2009	\$ 80,657	\$ -	\$ 1,316	\$ -	\$ -	\$ 81,973
Year ended June 30, 2010	10,408	-	169	-	-	10,577
Year ended June 30, 2011	-	158,251	1,291	-	-	159,542
GASB 31 market value adjustment	628	-	115	-	-	743
	<u>\$ 91,693</u>	<u>\$ 158,251</u>	<u>\$ 2,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,835</u>

Note:

- (a) The City restated the Project Status as of July 1, 2010 in order to segregate the activity related to recording the City's investments at fair market value (a noncash activity).

CITY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Diego, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

Results: The total project expenditures reported on Schedule A were \$16,142,372 and the total project expenditures in the recipient agency's general ledger were \$16,707,068. The variance of \$564,696 was due to depreciation expenses of \$105,373 and the transfer of cash from the 2008 *TransNet* program of \$459,323.

- ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total expenditures in the amount of \$16,142,372. We selected \$8,884,850 (55.04%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: The City made a transfer in the amount of \$459,323 for which a staff report was not provided. The City stated that the transfer consists of cash within the *TransNet* program only, which were reported in separate funds in the City's accounting system, but supports the Local Streets and Roads program within *TransNet*. The transfers were part of the process to close the old funds for programs no longer reported, and to move cash to the correct *TransNet* Local Streets and Roads program. Additionally, we noted that the City did not amend the RTIP. See Finding Number 1 in the Findings and Recommendations section of this report.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- 6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over/under the threshold.

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows.

Fiscal year 2011 apportionment	\$24,311,251
Less: debt service payment	<u> -</u>
Net estimated apportionment	24,311,251
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	7,293,375
Less: local streets and roads negative fund balance per Schedule A	<u>13,780,806</u>
Fund balance under apportionment	<u>\$21,074,181</u>

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement for the City.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2011, is summarized as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation Services</u>	<u>Transit Bus Subsidies</u>	<u>Total</u>
Current year local discretionary expenditures	\$33,351,226	\$181,102	\$993,598	\$34,525,926
Less MOE base year Requirement	<u>(24,475,072)</u>	<u>(181,102)</u>	<u>(974,946)</u>	<u>(25,631,120)</u>
Excess MOE for fiscal year ended June 30, 2011	<u>\$ 8,876,154</u>	<u>\$ _____</u>	<u>\$ 18,652</u>	<u>\$ 8,894,806</u>

10. We reviewed transit operator eligibility for receipt of funds.

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

- a. We obtained a general ledger for the RTCIP fund from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: The City recorded total expenditures in the amount of \$26,099. We selected \$23,120 (88.59%) for testing. No exceptions were noted as a result of our procedures.

- v. We determined whether the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

Results: No exceptions were noted as a result of our procedures.

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- 12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for the City.

- 13. We reviewed SANDAG's administrative expenditures to ensure they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

- 14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

15. We reviewed and documented the status of any prior year findings and recommendations.

Results: The City had two prior year findings in that it did not provide the required *TransNet* information in a timely manner to perform the annual agreed-upon procedures timely, and the City did not obtain City Council approval to transfer funds between projects. For the year ended June 30, 2011, the City provided the required information to perform the agreed upon procedures so that the report could be submitted to the ITOC timely, and the City did provide a staff report in support of the transfers made for both the years ended June 30, 2010 and 2011. As such, these findings have been resolved.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: See the Findings and Recommendations section of this report.

The City's written responses to the recommendations identified in the procedures performed are described in the accompanying Findings and Recommendations section of this report. We did not perform additional agreed-upon procedures related to the City's responses and express no opinion on them.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
June 13, 2012

CITY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the TransNet Fund

Findings and Recommendations

Year Ended June 30, 2011

(1) **Need to Obtain Prior Approval to Amend the RTIP**

The City of San Diego (City) did not follow the RTIP amendment process when transferring funds between programs. Funds were transferred but no RTIP amendment was obtained. On May 15th, 2012 the City is scheduled to present a proposed amendment to the Regional Transportation Improvement Program (RTIP) for project MPO ID SD29. The amendment will be to authorize a transfer of *TransNet* Extension Local Street Improvement funds from SD83, SR 163/Friars Road Interchange Modification project to SD29, 43rd Street Widening project. As such, the City did not comply with Board Policy No. 031, Rule #7, which states, in part:

“...A POP (Program of Projects) amendment shall be initiated when a local agency desires to revise the approved POP, which includes but is not limited to, adding a new project, deleting an existing project, revising the project scope, or otherwise changing the *TransNet* funds programmed. A *TransNet* POP amendment must be consistent with the requirements outlined in the RTIP. Projects proposed in the amendment must first be approved by the governing body of the local agency within the preceding 12 months. ...”

Recommendation

We recommend in the future that the City comply with the Ordinance and obtain the necessary approval prior to amending the RTIP.

Management Response

The City acknowledges not obtaining prior approval to amend the RTIP for project SD29. The upcoming Fiscal Year 2012 RTIP amendment will include a request to update the Fiscal Year 2010 RTIP, in SANDAG's ProjectTrak, to include *TransNet* funding for SD29 (City of San Diego CIP S-00845 43rd Street Widening). This funding was budgeted in the City's Fiscal Year 2010, *TransNet* budget, but did not include authorization to update the RTIP at that time. The correction will transfer \$2,675,000 from SD83 to SD29, and \$325,000 from SD83 (City of San Diego CIP S-00851 State Route 163 & Friars) to SD130 (City of San Diego CIP S-00912 Skyline Dr Improvements from Sears Ave to 58th St).

CITY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the TransNet Fund

Findings and Recommendations

(Continued)

(1) Need to Obtain Prior Approval to Amend the RTIP (Continued)

The FY 2012 RTIP Amendment, which is due to SANDAG by June 8, 2012, has been initiated with a meeting on February 9, 2012 which included CIP Fund Managers, and *TransNet* funded, CIP Project Managers to address project *TransNet* budget needs and changes. Several additional meetings will be held in February and March in order to finalize the FY 2012 RTIP which will be presented to the Budget and Finance Committee in April, 2012 and to Council in May, 2012. This process will include a request to Council to amend the RTIP to include the funding for SD29.

The City has implemented procedures and allocated staff to process RTIP amendments in a timely manner in the future to ensure that the City complies with the ordinance and obtains the necessary prior approvals to amend the RTIP.

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2011

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
TransNet:										
Highways:										
CAL 28	524632	SR 56/Black Mountain Road	\$ 2,458,620	\$ -	\$ -	\$ 22,244	\$ (199)	\$ -	\$ 2,480,665	(a)
			2,458,620	-	-	22,244	(199)	-	2,480,665	
SD01	527130	Alvarado Canyon Rd Realignment	121,881	-	-	1,103	(1,252)	-	121,732	
SD05	526990	Euclid Avenue	93,025	-	-	842	-	-	93,867	(a)
SD06	525920	Aldine Drive and Fairmount Ave. Slope Restoration	114,687	-	-	1,038	(111,660)	-	4,065	
SD09	527150	New Walkways	-	-	-	-	(95,998)	95,998	-	(o)
SD09	590020	Sidewalk Replacement and Repair - AA	453,791	-	-	4,106	-	(95,998)	361,899	(o)
		Total SD09 Projects	453,791	-	-	4,106	(95,998)	-	361,899	
SD15	522930	Street Light Installation	313,233	-	-	2,834	(29,519)	-	286,548	
SD15	680120	Install Street Lights in High Crime Areas - AA	461,256	-	-	4,173	-	-	465,429	
		Total SD15 Projects	774,489	-	-	7,007	(29,519)	-	751,977	
SD16A	620020	Minor Signal Improvements - AA	1,616,763	-	-	14,627	-	-	1,631,390	
SD16A	623260	TS/SL @ Normal Street	-	-	-	-	-	-	-	
SD16A	630020	Traffic Signal Controllers - AA	1,347,199	-	-	12,188	-	(158,644)	1,200,743	(o)
SD16A	680010	Cooperative Projects - AA	1,933	-	-	17	-	-	1,950	(a)(d)
SD16A	680100	Construct top 10-15 Prioritized Traffic Signals	-	-	-	-	(103,238)	103,238	-	(o)
SD16A	680110	Modernize top 5-10 Prioritized Traffic Signals	-	-	-	-	(55,406)	55,406	-	(o)
		Total SD16A Projects	2,965,895	-	-	26,832	(158,644)	-	2,834,083	
SD17	680060	Guard Rails - AA	616,177	-	-	5,575	(70,448)	-	551,304	
SD18	610010	Signal Installation - AA	466,079	-	-	4,217	(39,245)	-	431,051	
		Subtotal Local Streets and Roads	5,606,024	-	-	50,720	(506,766)	-	5,149,978	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	\$	\$	
		Balance carried forward	5,606,024	-	-	50,720	(506,766)	-	5,149,978	
SD19	525880	Streamview Drive	321,866	-	-	2,912	(39,073)	-	285,705	
SD21	530370	Seismic Retrofit - Bridges	43,491	-	-	393	-	(43,884)	-	(r)(o)
SD21	530550	Seismic Retro - Bridge W Mission Bay Dr	-	-	-	-	(6,879)	43,884	37,005	(o)
		Total SD21 Projects	43,491	-	-	393	(6,879)	-	37,005	
SD22	370280	Underground City Utilities -AA	33,274	-	-	-	-	(33,274)	-	(b)
SD23	130050	Emergency Drainage Projects - AA	-	-	-	-	(143,394)	143,394	-	(c) (n)
SD24	525450	Coastal Erosion - AA	8,430	-	-	76	(96)	-	8,410	
SD29	524090	43rd Street Widening - Logan Avenue to I-805	402,569	-	-	3,642	(6,312)	-	399,899	
SD38	525550	Georgia Street Bridge/University Ave Separation Replacement	1,407,890	-	-	12,737	(32,037)	(15,297)	1,373,293	(c)
SD43	526540	Lisbon Street; Imperial Avenue to 217 Ft East of 71 St	40,712	-	-	-	-	(40,712)	-	(b)(d)
SD44	525830	Reconfigure La Jolla Shore	790,927	-	-	-	-	(790,927)	-	(b)(d)
SD49	524060	Thorn Street Median Improvements	2,876,989	-	-	26,029	(14,798)	-	2,888,220	
SD56	525530	Saturn Boulevard-Palm Ave to Coronado	-	-	-	-	(291)	-	(291)	(p)
SD59	525030	Sports Arena Blvd-Rosecrans to Midway	-	-	-	-	(531)	-	(531)	(p)
SD65	526740	Torrey Pines Road Slope Reconstruction	371,613	-	-	3,362	-	-	374,975	
SD70	526430	West Mission Bay Drive Bridge Over San Diego	547,048	-	-	4,949	(214,010)	-	337,987	
		Subtotal Local Streets and Roads	12,450,833	-	-	104,820	(964,187)	(736,816)	10,854,650	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	\$	\$	
		Balance carried forward	\$ 12,450,833	\$ -	\$ -	\$ 104,820	\$ (964,187)	\$ (736,816)	\$ 10,854,650	
SD74	526880	Sunset Cliffs Erosion Project	8,081	-	-	-	-	(8,081)	-	(b)(d)
SD83	524550	SR 163 @ Friars Road	1,842,622	-	-	16,671	(73,523)	(1,592,839)	192,931	(b)
SD90	527450	SR 163 / Clairemont Mesa Blvd Interchange	(2,095,075)	-	-	-	-	2,095,075	-	(b)(e)
SD92	392163	Washington St and India	5,102	-	-	46	-	-	5,148	
SD97	622660	Willow Elementary School - Safe Route to School	-	-	-	-	(49,535)	49,535	-	(o)
SD97	680170	Annual Allocation - Install City St Lights in High Crime Areas	431,293	-	-	3,902	-	(49,535)	385,660	(o)
		Total SD97 Projects	431,293	-	-	3,902	(49,535)	-	385,660	
SD99	525190	Bridge rails - AA	131,578	-	-	1,190	(8,247)	-	124,521	
SD101	525540	First Avenue Bridge Over Maple Canyon Rehabilitation	356,138	-	-	3,222	(4,998)	-	354,362	
SD104	392330	Paradise Hill Revitalization	(344,077)	-	-	-	(7,201)	344,077	(7,201)	(b)(p)
SD106	527190	Mission Beach Boardwalk	192,864	-	-	1,745	(782)	-	193,827	
SD111	525330	Vie De la Valle Bike Lane	105,709	-	-	956	-	-	106,665	(f)(q)
SD112	524790	Via de La Valle, San Andreas Rd to El Camino Real	(238,027)	-	-	-	(1,219)	238,027	(1,219)	(b)(p)
SD114	581470	Rose Creek Bikeway	238,866	-	-	2,161	(23,243)	-	217,784	
SD124	229640	Fiesta Island Drive	67,206	-	-	-	-	(19,019)	48,187	(b)(d)(p)
		Subtotal Local Streets and Roads	13,153,113	-	-	134,713	(1,132,935)	320,424	12,475,315	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			July 1, 2010	June 30, 2011							
		Balance carried forward	\$ 13,153,113	\$ -	\$ -	\$ 134,713	\$ (1,132,935)	\$ 320,424	\$ 12,475,315		
SD127	540120	Shoal Creek Pedestrian Bridge - Phase I	70,592	-	-	639	(47,689)	-	23,542		
SD129	527660	University Ave Mobility Study	52,806	-	-	478	(206,567)	153,283	-	(c)	
SD130	527630	Skyline Drive - Street Enhancement	220,655	-	-	1,996	-	-	222,651	(l)(q)	
SD132	527170	Bird Rock Coastal Traffic Flow Improvement	(272,795)	-	-	-	(16,267)	272,795	(16,267)	(b)	
SD133	526760	Vista Sorrento Pkwy @ -805 Modification	471,580	-	-	4,266	(26,440)	-	449,406		
SD134	527430	Euclid Avenue Corridor	198,892	-	-	1,799	-	-	200,691		
SD135	530381	North Harbor Drive Bridge over Navy Estuary	74,718	-	-	676	-	-	75,394	(a)(q)	
SD136	581560	Ocean Beach / Hotel Circle	1,257	-	-	11	(52,790)	-	(51,522)	(p)	
SD137	527640	Palm Avenue/SR 75 Concept Study	175,683	-	-	1,589	-	-	177,272	(l)(q)	
SD139	530610	Laurel Street Bridge Over	252,991	-	-	2,289	(6,263)	-	249,017		
SD154	527800	La Jolla Mesa Drive Sidewalk	70,940	-	-	642	(15,800)	-	55,782		
SD155	527750	Old Otay Mesa Road Sidewalk	211,417	-	-	1,913	-	-	213,330	(f)(q)	
SD156	527740	35th & 34th @Madison	2,914	-	-	26	-	-	2,940		
SD157	527730	Cherokee Street Improvements	1,242	-	-	11	-	-	1,253		
SD160	527780	62nd to 65th Street Channel	4,580	-	-	41	-	-	4,621		
SD161	590230	Preliminary Engineering for Congestion Relief Projects	634,251	-	-	5,738	-	-	639,989	(g)(q)	
		Subtotal Local Streets and Roads	15,324,836	-	-	156,827	(1,504,751)	746,502	14,723,414		

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			\$ 15,324,836	\$ -	\$ -	\$ 156,827	\$ (1,504,751)	\$ 746,502	\$ 14,723,414	
		Balance carried forward								
SD162	298650	Home Avenue Improvements	264,271	-	-	2,391	-	-	266,662	(a)
SD163	527760	La Jolla Museum Traffic	61,746	-	-	559	-	-	62,305	(d) (p)
SD164	526790	Miramar Road	953,507	-	-	8,627	(50,074)	-	912,060	
SD165	580010	New Developments	158,563	-	-	1,435	-	-	159,998	(f) (q)
SD166	582040	Minor Bicycle Facilities	531	-	-	5	-	-	536	(q)
SD167	527770	Potomac Street Improvement	109,577	-	-	991	(25,419)	-	85,149	
SD168	296920	Public Roads Supporting Park Access	264,141	-	-	2,390	(327)	-	266,204	
SD169	527810	San Diego River Path Study	2,483	-	-	22	-	-	2,505	
SD170	527790	Skyline @ Cardiff Improvement	17,768	-	-	161	(814)	-	17,115	
SD171	582030	Taylor St Bikeway	249,566	-	-	2,258	(4,698)	-	247,126	
SD172	590210	Transportation Grant Matches	448,435	-	-	4,058	-	(6,468)	446,025	(o)
SD172	623370	Florence Griffith Joyner Elem Safe Route to School	-	-	-	-	(6,468)	6,468	-	(o)
		Total SD172 Projects	448,435	-	-	4,058	(6,468)	-	446,025	
SD173	527820	38th Improvements	73,057	-	-	661	(36,156)	-	37,562	
SD174	296800	Windan Sea Erosion control	8,395	-	-	76	-	-	8,471	
SD175	135010	Talbot Street Slope restoration	108,203	-	-	979	(7,212)	-	101,970	
		Subtotal Local Streets and Roads	18,045,079	-	-	181,440	(1,635,919)	746,502	17,337,102	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	\$	\$	
		Balance carried forward	\$ 18,045,079	\$ -	\$ -	\$ 181,440	\$ (1,635,919)	\$ 746,502	\$ 17,337,102	
SD178	526960	Pershing Drive/Redwood	45,638	-	-	413	-	-	46,051	
		Total Local Streets and Roads	18,090,717	-	-	181,853	(1,635,919)	746,502	17,383,153	
		GASB 31 Market Value Adjustment	-	-	-	(21,209)	-	-	(21,209)	
		Total Local Streets and Roads with GASB 31 Market Value Adjustment	18,090,717	-	-	160,644	(1,635,919)	746,502	17,361,944	
		Bikes and Pedestrian:								
CAL92	581680	Bicycle Parking at the Border	7,172	-	-	-	-	-	7,172	(d)(h)
SAN21	581420	San Diego Bike Path Design	209,346	-	-	2,324	(168)	(175,545)	35,957	(l)
SAN21	581600	Mission Trails Bike Path Study	4,541	-	-	-	-	-	4,541	(d)(h)
		Total SAN21 Projects	213,887	-	-	2,324	(168)	(175,545)	40,498	
SD14	581270	State Route 15 Bikeway Study	64,381	-	-	715	-	-	65,096	(q)
SD108	285036/ 581400	Bayshore Bikeway Feasibility Study (Non CIP)	30,459	-	-	338	-	-	30,797	(q)
SD112	580770	Via de La Valle, Bike Lane	14,452	-	-	-	-	-	14,452	(d)(h)
SD114	581470	Rose Creek / Pedestrian Bridge	117,509	-	-	1,305	-	-	118,814	(q)
SD116	524210	Carroll Canyon Rd Bike Path Lane Design	35,454	-	-	-	-	-	35,454	(d)(h)
SD117	581930	Adams Ave Bikeway	3,528	-	-	-	-	-	3,528	(d)(h)
SD119	581920	Mira Mesa Blvd Bikeway	25,566	-	-	-	-	-	25,566	(d)(h)
SD120	581910	San Diego River Multi-Use	4,270	-	-	47	-	-	4,317	(a)
		Subtotal Bikes and Pedestrian	516,678	-	-	4,729	(168)	(175,545)	345,694	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	\$	\$	
		Balance carried forward	516,678	-	-	4,729	(168)	(175,545)	345,694	
SD121	581880	Balboa Avenue / Tierrasanta Blvd Bikeway	249,911	-	-	2,775	(41,638)	-	211,048	
SD122	524631/ 581710	State Route 56 Bike Path	193,745	-	2,151	(549)	-	-	195,347	
SD122	581760	Darkwood Canyon Connector Study	26,281	-	292	-	-	-	26,573	(g)
		Total SD122 Projects	220,026	-	2,443	(549)	-	-	221,920	
SD136	581560	Ocean Beach/Hotel Circle North Bikeway Design	(175,545)	-	-	-	175,545	-	-	(l)
SD141	580890	Poway Road Bike Path	531,398	-	5,900	(31,441)	-	-	505,857	
SD143	581990	Rancho Bernardo Bikeway	257,308	-	2,857	(19,869)	-	-	240,296	
SD144	581670	Bicycle Safety and Commuting Education	-	-	-	-	-	-	-	
SD144	582010	Traffic Safety in Education Program	62,966	-	699	-	-	-	63,665	(s) (t)
		Total SD144 Projects	62,966	-	699	-	-	-	63,665	
SD145	582020	Safety in Traffic Education Program	1,603	-	18	-	-	-	1,621	(a)
SD145	127004	Prop A Bicycle Safety Education	36,002	-	400	-	-	-	36,402	(a)
		Total SD145 Projects	37,605	-	418	-	-	-	38,023	
V02	581620	Coastal Rail Trail	122,112	-	1,355	-	-	-	123,467	(a)(q)
		Total Bikes and Pedestrian	1,822,459	-	21,176	(93,665)	-	-	1,749,970	
		GASB 31 Market Value Adjustment	-	-	(1,668)	-	-	-	(1,668)	
		Total Bikes and Pedestrian with GASB 31 Market Value Adjustment	1,822,459	-	19,508	(93,665)	-	-	1,748,302	
		Total TransNet	22,371,796	-	225,273	(1,729,783)	746,502	-	21,613,788	

(Continued)

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
Non-TransNet (Funds Deficits Covered by Other Revenues)										
Additional TransNet activity - Non Project Specific:										
OTHER	Other	Other Revenues	113,356	-	8,291	-	-	-	121,647	
		Total Non Project Specific Activity	113,356	-	8,291	-	-	-	121,647	
SD10	526710	Other (Non-TransNet) Streets and Roads: Ocean Front Walk - San Fernando to Ventura	(1,404)	-	-	-	(628)	1,404	(628)	(b)(y)
SD87	523960	State Route 905 and 125	2,656	-	-	-	-	-	2,656	(s)(w)
SD102A	526821	Olay Mesa Truck Route	(339,895)	-	-	-	-	-	(339,895)	(j)
SD107	524710	North Torrey Pines Road at Genesee	5,407	-	-	-	-	-	5,407	(q)
SD181	528050	Soledad Mtn Road Emergency	(454,693)	-	-	-	(37,485)	-	(492,178)	(k)
		Total Other (Non-TransNet) Streets and Roads	(787,929)	-	-	-	(38,113)	1,404	(824,638)	
		Total Non-TransNet (Fund Deficits Covered By "Other Revenue")	(674,573)	-	8,291	-	(38,113)	1,404	(702,991)	
SD108	581400	TransNet Extension: Major Corridor: Bayshore Bikeway	420,528	-	-	5,313	(57,258)	-	368,583	
		Total Major Corridor	420,528	-	-	5,313	(57,258)	-	368,583	
SD01	527130	Local Street Improvements: Congestion Relief: Alvarado Road Realignment	\$ 63,195	\$ -	\$ -	\$ (718)	\$ (859)	\$ -	\$ 61,618	
SD06	525920	Aldine Drive Slope Reconstruction	1,714,554	-	-	(19,490)	(212,645)	-	1,482,419	
		Subtotal Congestion Relief	1,777,749	-	-	(20,208)	(213,504)	-	1,544,037	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010				Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			July 1, 2010	Funds Received	Other Revenue						
		Balance carried forward	\$ 1,777,749	\$ -	\$ -	\$ (20,208)	\$ (213,504)	\$ -	\$ 1,544,037		
SD09	370640	Americans with Disabilities Improvements (ARRA)	(154,111)	-	-	(3,860)	(30,886)	-	(188,857)	(m)	
SD09	A-1K.00001	New Walkways (ARRA)	(252,946)	-	-	(6,335)	(377,246)	-	(636,527)	(m)	
SD09	527150	Groveland Street Sidewalk - Southside	(9,788)	-	-	-	-	9,788	-	(o)(q)	
SD09	527150	No. & So. Side Ridgehaven Ct Sidewalk	253,238	-	-	(2,879)	-	(81,822)	168,537	(o)	
SD09	527150	New Walkways	-	-	-	-	(72,034)	72,034	-	(o)	
		Total SD09 Projects	(163,607)	-	-	(13,074)	(480,166)	-	(656,847)		
SD14	581270	SR 15 Bikeway	(16,282)	-	-	-	(27,340)	-	(43,622)	(m)	
SD14	581271	40th St. Promenade - Mid City Urban Trail	(29,228)	-	-	-	(19,109)	-	(48,337)	(m)	
		Total SD14 Projects	(45,510)	-	-	-	(46,449)	-	(91,959)		
SD15	522930	Street Lights - Smart Growth Areas	288,308	-	-	(3,277)	(91,453)	-	193,578		
SD16A	623310	Traffic Signal Interconnect Projects	98,103	-	-	(1,115)	(65,405)	-	31,583		
SD16A	630020	Traffic Signals - Replace Obsolete Controllers	74,656	-	-	(849)	-	-	73,807	(q)	
SD16A	680010	Cooperative Signal Projects	199,084	-	-	(2,263)	(7,606)	-	189,215		
SD16A	680100	Traffic Signals - Citywide	301,319	-	-	(3,425)	(350,366)	-	(52,472)	(m)	
SD16A	680110	Traffic Signals - Modifications/Modernization	282,331	-	-	(3,209)	(94,295)	-	184,827		
SD16A	680110	Traffic Signals - Modifications/Modernization (ARRA)	-	-	-	-	(26,095)	-	(26,095)	(m)	
		Total SD16A Projects	955,493	-	-	(10,861)	(543,767)	-	400,865		
SD18	610010	Traffic Control/Calm Measures - Smart Growth Areas	133,366	-	-	(1,516)	(112,876)	-	18,974		
SD19	525880	Streamview Drive	179,175	-	-	(2,037)	-	-	177,138	(l)	
SD23	130050	Z St Natural Storm Drain	(1,203,415)	-	-	-	-	-	(1,203,415)	(m)	
SD23	130050	Rowena St Pipeline	-	-	-	-	(122,468)	(143,394)	(265,862)	(c)(n)	
		Total SD23 Projects	(1,203,415)	-	-	-	(122,468)	(143,394)	(1,469,277)		
		Subtotal Congestion Relief	1,921,559	-	-	(50,973)	(1,610,683)	(143,394)	116,509		

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	\$	\$	
		Balance carried forward	1,921,559	-	-	(50,973)	(1,610,683)	(143,394)	116,509	
SD29	524090	43rd Street Widening	-	-	-	(354,735)	-	-	(354,735)	(x)
SD31	525170	Carmel Valley Road	(95,552)	-	-	(40,665)	-	-	(136,217)	(v)
SD32	523920	Carroll Cynyn Rd Sorrento Valley Rd to I-805	(10,124,864)	-	-	(82,737)	149,908	-	(10,057,693)	(b)
SD34	524790	El Camino Real Road and Bridge Widening	37,946	-	(431)	(129,971)	-	-	(92,456)	(m)
SD38	525550	Georgia St Bridge & University Ave	776	-	(9)	(16,064)	15,297	-	-	(c)
SD49	528080	Median Installation	272,312	-	(3,096)	(66,185)	-	-	203,031	
SD49	528080	Thorn Street Median Improvements (ARRA)	-	-	-	(158,787)	-	-	(158,787)	(m)
		Total SD49 Projects	272,312	-	(3,096)	(224,972)	-	-	44,244	
SD51	530500	North Torrey Pines Road Bridge over Los Penasquitos Creek	(51,903)	-	-	(3,116)	-	-	(55,019)	(m)
SD70	526430	West Mission Bay Drive Bridge over San Diego River	93,886	-	(1,067)	(32,228)	-	-	60,591	
SD83	524550	State Route 163 and Friars Road, Phase I	1,604,666	-	(18,241)	(386,614)	(59,843)	-	1,139,968	(b)
SD86	121520	Famosa Slough Salt Marsh Restoration	(25,970)	-	-	(15,003)	25,970	-	(15,003)	(b)
SD90	527450	Clairemont Mesa/SR163	579,231	-	(6,585)	(302,694)	(502,236)	-	(232,284)	(b)(m)(e)
		Subtotal Congestion Relief	(5,787,913)	-	(80,402)	(3,199,482)	(514,298)	-	(9,582,095)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status		Notes
			July 1, 2010	June 30, 2011						June 30, 2010	June 30, 2011	
		Balance carried forward	\$ (5,787,913)	\$ -	\$ -	\$ (80,402)	\$ (3,199,482)	\$ (514,298)	\$ (9,582,095)			
SD92	392070	El Cajon Blvd Revitalization Texas to Illinois	(29,663)	-	-	-	-	-	-	(29,663)	(q)	
SD92	392320	Mid-City Transit Gateway	(38,518)	-	-	-	-	-	-	(38,518)	(q)	
SD92	392160	Washington St @ India St Median Improvement	(11,723)	-	-	-	(21,765)	-	-	(33,488)	(v)	
SD92	390861	Azalea Park Artistic Enhancement	(30,173)	-	-	-	(21,367)	-	-	(51,540)	(v)	
SD92	392160	Washington / Goldfinch Intersection Improvements	(120,791)	-	-	-	-	-	-	(120,791)	(v)	
SD92	390860	Azalea Park Rdway Improvements and Neighborhood ID	117,134	-	-	(1,332)	-	-	-	115,802	(q)	
		Total SD92 Projects	(113,734)	-	-	(1,332)	(43,132)	-	-	(158,198)		
SD97	680170	School Traffic Safety Improvements	261,595	-	-	(2,974)	(14,066)	(30,485)	-	214,070	(o)	
SD97	622670	Central Elementary School-Safe Route to School	-	-	-	-	(30,485)	30,485	-	-	(o)	
		Total SD97 Projects	261,595	-	-	(2,974)	(44,551)	-	-	214,070		
SD99	525190	Bridge Rehabilitation	65,407	-	-	(744)	(34)	-	-	64,629		
SD99	525190	Bridge Rehabilitation - Morena Blvd Bridge	2	-	-	-	-	-	-	2		
		Total SD99 Projects	65,409	-	-	(744)	(34)	-	-	64,631		
SD102A	526821	Otay Mesa Truck Route Phase 3	(62,099)	-	-	-	(220,994)	-	-	(283,093)	(m)	
SD114	581470	Rose Creek Bikeway (ARRA)	(70,040)	-	-	(1,754)	(432,920)	70,040	-	(434,674)	(b)	
SD120	581910	San Diego River Multi-Use Bicycle & Pedestrian Path	(66,809)	-	-	-	(87,859)	-	-	(154,668)	(m)	
SD127	540120	Shoal Creek Pedestrian Bridge	545	-	-	(6)	-	-	-	539	(q)	
SD127	540120	Shoal Creek Pedestrian Bridge	(76,727)	-	-	(1,922)	(98,774)	-	-	(177,423)	(m)	
		Total SD127 Projects	(76,182)	-	-	(1,928)	(98,774)	-	-	(176,884)		
		Subtotal Congestion Relief	(5,849,773)	-	-	(89,134)	(4,127,746)	(444,258)	-	(10,510,911)		

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			\$ (5,849,773)	\$ -	\$ -	\$ (89,134)	\$ (4,127,746)	\$ (444,258)	\$ (10,510,911)	
		Balance carried forward								
SD129	527660	University Avenue Mobility Project	98,342	-	-	(1,118)	(133,951)	(153,283)	(190,010)	(c)(m)
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St.	(478,465)	-	-	-	(168,350)	-	(646,815)	(v)
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St. (ARRA)	-	-	-	-	(106,559)	-	(106,559)	(m)
		Total SD130 Projects	(478,465)	-	-	-	(274,909)	-	(753,374)	
SD132	527170	Bird Rock Coastal Traffic Flow Improvements	(736,423)	-	-	-	(17,489)	770,000	16,088	(b)
SD133	526760	Mira Sorrento Place (Biological Monitoring)	57,311	-	-	(651)	(5,743)	-	50,917	
SD136	581560	Ocean Beach / Hotel Circle	(367,271)	-	-	-	(63,560)	25,302	(405,529)	(b)(m)
SD137	527640	Palm Avenue Roadway Improvements	111,013	-	-	(1,262)	(153,964)	-	(44,213)	(m)
SD139	530610	Laurel Street (Cabrillo) Bridge over Highway 163	49,770	-	-	(566)	-	-	49,204	(a)
SD153	623320	25th Street Renaissance Project	77,670	-	-	(883)	(14,236)	-	62,551	
SD156	527740	34th & 35th at Madison Improvements	60,900	-	-	(692)	(64,531)	-	(4,323)	(m)
SD157	527730	Cherokee Street Improvements	(19,102)	-	-	-	(38,645)	-	(57,747)	(m)
SD161	590230	Five Year CIP Programming	573,318	-	-	(6,517)	-	-	566,801	(f)
SD163	527760	Prospect/Silverado Roundabout	784,314	-	-	-	-	(784,314)	-	(b)(d)
SD166	582040	Minor Bicycle Facilities	12,979	-	-	(148)	-	-	12,831	(q)
SD168	296920	Public Roads Supporting Park Access	-	-	-	-	(73,642)	-	(73,642)	(v)
SD172	290210	Transportation Grant Match	-	-	-	-	(39,851)	-	(39,851)	(m)
		Subtotal Congestion Relief	(5,625,417)	-	-	(100,971)	(5,008,267)	(586,553)	(11,321,208)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010			Other Revenue	Interest Income	Project Expenditures	City Adjustments		Project Status June 30, 2011	Notes
			July 1, 2010	Funds Received	\$				\$	\$		
		Balance carried forward	\$ (5,625,417)	\$ -	\$ -	\$ (100,971)	\$ (5,008,267)	\$ (586,553)	\$ (11,321,208)			
SD173	527820	38th Street Improvements	-	-	-	-	-	35,710	35,710	35,710	(b)	
SD173	527820	38th Street Improvements (ARRA)	(35,710)	-	-	(894)	(168,851)	-	-	(205,455)	(v)	
		Total SD173 Projects	(35,710)	-	-	(894)	(168,851)	35,710	(169,745)			
SD175	135010	Talbot Street Slope Reconstruction	(40,764)	-	-	-	(4,979)	-	(45,743)		(m)	
SD178	526960	Pershing/Redwood Drive Improvements	(135,331)	-	-	-	-	-	(135,331)		(m)	
SD179	527540	Linda Vista Road and Genesee Avenue	14,220	-	-	(162)	(34,954)	-	(20,896)		(m)	
SD180	528100	Hollister St Widening	197,063	-	-	(2,240)	-	(197,063)	(2,240)		(b)	
SD186	002150	Administrative Expenses - Engineering	(225,113)	-	-	-	(163,458)	-	(388,571)		(m)	
SD186	002000	Administrative Expenses - Comptrollers	(193,091)	-	-	-	(58,700)	-	(251,791)		(m)	
		Total SD186 Projects	(418,204)	-	-	-	(222,158)	-	(640,362)			
SD188	003710	Congestion Relief /Traffic Signal Operations	(1,846,593)	-	-	-	(1,148,762)	-	(2,995,355)		(m)	
SD196	S-00613	Torrey Pines Improvements Phase I (ARRA)	(60,263)	-	-	(1,509)	(152,199)	-	(213,971)		(m)	
SD198	581272	Cherokee Traffic Calming	(52,321)	-	-	-	(48,756)	-	(101,077)		(m)	
		Total Congestion Relief	(8,003,320)	-	-	(105,776)	(6,788,926)	(747,906)	(15,645,928)			
SD176	002500	Maintenance: Maintenance	(7,977,197)	-	-	(109,473)	(7,293,375)	-	(15,380,045)		(m)	
		Total Maintenance	(7,977,197)	-	-	(109,473)	(7,293,375)	-	(15,380,045)			

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010				Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	
			Funds Received	Other Revenue	Project Expenditures	City Adjustments				June 30, 2011	Notes
Smart Growth:											
SD201	1000275-2010	Smart Growth - BRT	-	-	-	(137,667)	-	-	(137,667)	(m)	
SD202	1000274-2010	Smart Growth - Chollas	-	-	-	(43,414)	-	-	(43,414)	(m)	
SD203	1000293-2010	SGIP Euclid & Market	-	-	-	(26,038)	-	-	(26,038)	(m)	
SD204	1000294-2010	SGIP Comm & Imperial	-	-	-	(27,798)	-	-	(27,798)	(m)	
		Total Smart Growth	-	-	-	(234,917)	-	-	(234,917)		
		Total Local Street Improvements	(15,980,517)	-	(215,249)	(14,317,218)	(747,906)	(747,906)	(31,260,890)		
		Total <i>TransNet</i> Extension	(15,559,989)	-	(209,936)	(14,374,476)	(747,906)	(747,906)	(30,892,307)		
		Total <i>TransNet</i> and <i>TransNet</i> Extension	6,811,807	-	15,337	(16,104,259)	(1,404)	(1,404)	(9,278,519)		
		GASB 31 Market Value Adjustment	-	-	(81,827)	-	-	-	(81,827)		
		Total <i>TransNet</i> and <i>TransNet</i> Extension with GASB 31 Market Value Adjustment	\$ 6,811,807	\$ -	\$ (66,490)	\$ (16,104,259)	\$ (1,404)	\$ (1,404)	\$ (9,360,346)		

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status		Funds Received	Other Revenue	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
			July 1, 2010	June 30, 2011							
											<p>Notes:</p> <p>(a) The project is active; however, the City is using <i>Non-TransNet</i> source revenues in FY11 and will begin using <i>TransNet</i> funding when other sources are depleted.</p> <p>(b) City Council approved R-307146 authorizing transfers between projects: \$14,314 from SD163 to SD114; \$1,404 from SD44 to SD10; \$33,274 from SD22 to SD104; \$40,712 from SD43 to SD104; \$270,091 from SD44 to SD104; \$238,027 from SD44 to SD112; \$21,853 from SD180 to SD136; \$272,795 from SD44 to SD132; \$19,019 from SD124 to SD173; \$33,873 from SD83 to SD114; \$8,610 from SD44 to SD173; \$8,081 from SD74 to SD173; \$770,000 from SD163 to SD132; \$149,908 from SD 180 to SD32; \$25,970 from SD83 to SD86; \$1,592,839 from SD83 to SD90; \$502,236 from SD 90 to SD90.</p> <p>(c) Transfer expenditures between <i>TransNet</i> and <i>TransNet</i> Extension Local Street Improvements within same project.</p> <p>(d) City Project completed in FY 10.</p> <p>(e) City Council approved R-307146 authorizing transfer expenditures between <i>TransNet</i> and <i>TransNet</i> Extension Local Street Improvements within same project.</p> <p>(f) Project on hold until FY12 or pending additional funding.</p> <p>(g) Project on hold until FY12 until project design is identified on sublet projects.</p> <p>(h) Funds returned to SANDAG in December 2011.</p> <p>(i) Project is active, expending <i>TransNet</i> Local Streets and Roads or <i>TransNet</i> Extension Local Street Improvements funds in FY 12.</p> <p>(j) The project will be funded by a State Grant.</p> <p>(k) Project will be funded by Federal Grant.</p> <p>(l) Transfer \$175,545 between SAN21 to SD136 to correct FY 04 funds received into SAN21, but allocated to SD136 per city Resolution R-299057.</p> <p>(m) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 11. Drawdown of funds in FY 12 will be requested now that the City is in compliance with the 30% Rule.</p> <p>(n) Resolution #306848 authorizing transfer of funds SD23 SR to SD23 CR.</p> <p>(o) Transfer expenditures between projects within the same MPO ID.</p> <p>(p) The City will obtain City Council approval for RTIP amendment and/or council report to transfer <i>TransNet</i> funds by May 15, 2012.</p> <p>(q) Estimated completion dates for projects: 6/30/2011 - SD144, SD87; 3/1/2012 - SD155; 6/30/2012 - SD21, SD122, SD145, SD107, SD92, SD127; 12/21/2012 - SD130, 12/13/2013 - SD114; 6/27/2014 - SD108; 10/17/2014 - SD135; 6/30/2015 - SD111, V02, SD14, SD19; Funds expended as needed in annual projects - SD16A, SD161, SD165, SD09, SD166 and SD137.</p> <p>(r) CIP completed.</p> <p>(s) City project completed in FY 11.</p> <p>(t) The City will return funds to SANDAG by June 8, 2012.</p> <p>(u) Move from Other (Non-<i>TransNet</i>) Streets and Roads to <i>TransNet</i> Local Streets and Roads.</p> <p>(v) The City will carry forward previous year's funds in June 2012 RTIP amendment.</p> <p>(w) The City will obtain council approval to transfer to Other (Non-<i>TransNet</i> Revenue) projects by May 15, 2012.</p> <p>(x) The City will obtain council approval for RTIP amendment and/or council report to transfer <i>TransNet</i> Ext LSI funds by May 15th, 2012.</p> <p>(y) The City will transfer expenditures to Transit Occupancy Tax Coastal CIP fund by June 30, 2012.</p>

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project
Year ended June 30, 2011

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:							
Major Corridor:							
SD108	581400	Bayshore Bikeway	\$ 3,774,000	\$ 247,552	\$ (3,652,969)	\$ -	\$ 368,583
		Total Major Corridor	3,774,000	247,552	(3,652,969)	-	368,583
Local Street Improvements:							
Congestion Relief:							
SD01	527130	Alvarado Road Realignment	100,000	(425)	(37,957)	-	61,618
SD06	525920	Aldine Drive Slope Reconstruction	1,825,000	(27,850)	(314,731)	-	1,482,419
SD09	370640	Americans with Disabilities Improvements (ARRA)	-	(5,108)	(183,749)	-	(188,857)
SD09	A-1K.00001	New Walkways (ARRA)	-	(8,383)	(628,144)	-	(636,527)
SD09	527150	Groveland Street Sidewalk - Southside	350,000	(959)	(9,159)	(339,882)	-
SD09	527150	No. & So. Side Ridgheaven Ct Sidewalk	-	(2,757)	(77,385)	248,679	168,537
SD09	527150	New Walkways	-	-	(72,034)	72,034	-
		Total SD09 Projects	350,000	(17,207)	(970,471)	(19,169)	(656,847)
SD14	581270	SR 15 Bikeway	40,000	(178)	(83,444)	-	(43,622)
SD14	581271	40th St. Promenade - Mid City Urban Trail	-	-	(48,337)	-	(48,337)
		Total SD14 Projects	40,000	(178)	(131,781)	-	(91,959)
SD15	522930	Street Lights - Smart Growth Areas	311,000	(4,702)	(112,720)	-	193,578
		Subtotal Congestion Relief	2,626,000	(50,362)	(1,567,660)	(19,169)	988,809

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
			\$	\$	\$	\$	\$
		Balance carried forward	2,626,000	(50,362)	(1,567,660)	(19,169)	988,809
SD16A	623310	Traffic Signal Interconnect Projects	100,000	(1,572)	(66,845)	-	31,563
SD16A	630020	Traffic Signals - Replace Obsolete Controllers	75,000	(1,193)	-	-	73,807
SD16A	680010	Cooperative Signal Projects	200,000	(3,179)	(7,606)	-	189,215
SD16A	680100	Traffic Signals - Citywide	415,000	(4,826)	(462,646)	-	(52,472)
SD16A	680110	Traffic Signals - Modifications/Modernization	700,000	(3,471)	(452,893)	(58,809)	184,827
SD16A	680110	Traffic Signals - Modifications/Modernization (ARRA)	-	-	(26,095)	-	(26,095)
		Total SD16A Projects	1,490,000	(14,241)	(1,016,085)	(58,809)	400,865
SD18	610010	Traffic Control/Calmng Measures - Smart Growth Areas	200,000	(2,224)	(178,802)	-	18,974
SD19	525880	Streamview Drive	180,000	(2,862)	-	-	177,138
SD23	130050	Z St Natural Storm Drain	477,000	(1,690)	(1,750)	(1,676,975)	(1,203,415)
SD23	130050	Rowena St Pipeline	-	-	(380,838)	114,976	(265,862)
		Total SD23 Projects	477,000	(1,690)	(382,588)	(1,561,999)	(1,469,277)
SD29		43rd Street Widening	-	-	(354,735)	-	(354,735)
SD31	525170	Carmel Valley Road	120,000	3,761	(127,870)	(132,108)	(136,217)
SD32	523920	Carroll Cnyn Rd Sorrento Valley Rd to I-805	-	20,855	(10,228,456)	149,908	(10,057,693)
SD34	524790	El Camino Real Road and Bridge Widening	300,000	2,965	(395,611)	190	(92,456)
SD38	525550	Georgia St Bridge & University Ave	-	916	(124,205)	123,289	-
		Subtotal Congestion Relief	5,393,000	(42,882)	(14,376,012)	(1,498,698)	(10,524,592)

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
			\$	\$	\$	\$	\$
		Balance carried forward	5,393,000	(42,882)	(14,376,012)	(1,498,698)	(10,524,592)
SD49	528080	Median Installation	300,000	(4,375)	(92,594)	-	203,031
SD49		Thorn Street Median Improvements (ARRA)	-	-	(158,787)	-	(158,787)
		Total SD49 Projects	300,000	(4,375)	(251,381)	-	44,244
SD51	530500	North Torrey Pines Road Bridge over Los Penasquitos Creek	50,000	1,817	(50,351)	(56,485)	(55,019)
SD70	526430	West Mission Bay Drive Bridge over San Diego River	100,000	(1,394)	(38,015)	-	60,591
SD83	524550	State Route 163 and Friars Road, Phase I	2,000,000	(27,402)	(772,787)	(59,843)	1,139,968
SD86	121520	Famosa Slough Salt Marsh Restoration	24,000	483	(55,694)	16,208	(15,003)
SD90	527450	Clairemont Mesa/SR163	1,000,000	(10,234)	(719,814)	(502,236)	(232,284)
SD92	392070	El Cajon Blvd Revitalization Texas to Illinois	-	690	-	(30,353)	(29,663)
SD92	392320	Mid-City Transit Gateway	-	897	-	(39,415)	(38,518)
SD92	392160	Washington St @ India St Median Improvement	-	-	(33,488)	-	(33,488)
SD92	390861	Azalea Park Artistic Enhancement	-	-	(51,540)	-	(51,540)
SD92	392160	Washington / Goldfinch Intersection Improvements	-	2,047	(50,000)	(72,838)	(120,791)
SD92	390860	Azalea Park Rdway Improvements and Neighborhood ID	150,000	(1,270)	(15,766)	(17,162)	115,802
		Total SD92 Projects	150,000	2,364	(150,794)	(159,768)	(158,198)
SD97	680170	School Traffic Safety Improvements	329,900	(4,126)	(81,219)	(30,485)	214,070
SD97	680170	Central Elementary School-Safe Route to School	-	-	(30,485)	30,485	-
		Total SD97 Projects	329,900	(4,126)	(111,704)	-	214,070
		Subtotal Congestion Relief	9,346,900	(85,749)	(16,526,552)	(2,260,822)	(9,526,223)

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project
(Continued)

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
			\$	\$	\$	\$	\$
		Balance carried forward	\$ 9,346,900	\$ (85,749)	\$ (16,526,552)	\$ (2,260,822)	\$ (9,526,223)
SD99	525190	Bridge Rehabilitation	100,000	(492)	(34,098)	(781)	64,629
SD99	525190	Bridge Rehabilitation - Morena Blvd Bridge	-	18	(797)	781	2
		Total SD99 Projects	100,000	(474)	(34,895)	-	64,631
SD102A	526821	Otay Mesa Truck Route Phase 3	-	-	(283,093)	-	(283,093)
SD114	581470	Rose Creek Bikeway	-	(2,321)	(502,393)	70,040	(434,674)
SD120	581910	San Diego River Multi-Use Bicycle & Pedestrian Path	320,000	3,187	(477,266)	(589)	(154,668)
SD127	540120	Shoal Creek Pedestrian Bridge	30,000	539	(30,000)	-	539
SD127	540120	Shoal Creek Pedestrian Bridge (ARRA)	-	(2,543)	(174,880)	-	(177,423)
		Total SD127 Projects	30,000	(2,004)	(204,880)	-	(176,884)
SD129	527660	University Avenue Mobility Project	200,000	(1,380)	(235,347)	(153,283)	(190,010)
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St.	-	2,675	(649,490)	-	(646,815)
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St. (ARRA)	-	-	(106,559)	-	(106,559)
		Total SD130 Projects	-	2,675	(756,049)	-	(753,374)
SD132	527170	Bird Rock Coastal Traffic Flow Improvements	-	15,522	(769,434)	770,000	16,088
SD133	526760	Mira Sorrento Place (Biological Monitoring)	60,000	(926)	(8,157)	-	50,917
SD136	581560	Ocean Beach / Hotel Circle	-	-	(430,831)	25,302	(405,529)
SD137	527640	Palm Avenue Roadway Improvements	269,000	(1,627)	(311,586)	-	(44,213)
		Subtotal Congestion Relief	10,325,900	(73,097)	(20,540,483)	(1,549,352)	(11,837,032)

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
			\$	\$	\$	\$	\$
		Balance carried forward	\$ 10,325,900	\$ (73,097)	\$ (20,540,483)	\$ (1,549,352)	\$ (11,837,032)
SD139	530610	Laurel Street (Cabrillo) Bridge over Highway 163	50,000	(1,725)	929	-	49,204
SD153	623320	25th Street Renaissance Project	200,000	(1,201)	(136,248)	-	62,551
SD156	527740	34th & 35th at Madison Improvements	120,000	(1,241)	(123,082)	-	(4,323)
SD157	527730	Cherokee Street Improvements	70,000	(321)	(127,426)	-	(57,747)
SD161	590230	Five Year CIP Programming	575,956	(9,155)	-	-	566,801
SD163	527760	Prospect/Silverado Roundabout	770,000	14,314	-	(784,314)	-
SD166	582040	Minor Bicycle Facilities	15,000	(171)	(1,998)	-	12,831
SD168		Public Roads Supporting Park Access	-	-	(73,642)	-	(73,642)
SD172		Transportation Grant Match	-	-	(39,851)	-	(39,851)
SD173		38th Street Improvements	-	-	-	35,710	35,710
SD173	527820	38th Street Improvements (ARRA)	-	(1,183)	(204,272)	-	(205,455)
		Total SD173 Projects	-	(1,183)	(204,272)	35,710	(169,745)
SD175	135010	Talbot Street Slope Reconstruction	-	579	(46,322)	-	(45,743)
SD178	526960	Pershing/Redwood Drive Improvements	-	2,438	(137,769)	-	(135,331)
SD179	527540	Linda Vista Road and Genesee Avenue	70,000	(483)	(90,413)	-	(20,896)
SD180	528100	Hollister St Widening	200,000	(3,109)	(2,068)	(197,063)	(2,240)
		Subtotal Congestion Relief	12,396,856	(74,355)	(21,522,645)	(2,495,019)	(11,695,163)

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
		Balance carried forward	\$ 12,396,856	\$ (74,355)	\$ (21,522,645)	\$ (2,495,019)	\$ (11,695,163)
SD186	002150	Administrative Expenses - Engineering	86,508	431	(475,510)	-	(388,571)
SD186	002000	Administrative Expenses - Comptrollers	-	2,320	(254,111)	-	(251,791)
		Total SD186 Projects	86,508	2,751	(729,621)	-	(640,362)
SD188	003710	Congestion Relief /Traffic Signal Operations	1,368,700	39,944	(4,403,999)	-	(2,995,355)
SD196	S-00613	Torrey Pines Improvements Phase I (ARRA)	-	(1,997)	(211,974)	-	(213,971)
SD198	581272	Cherokee Traffic Calming	-	-	(101,077)	-	(101,077)
		Total Congestion Relief	13,852,064	(33,657)	(26,969,316)	(2,495,019)	(15,645,928)
SD176	002500	Maintenance: Maintenance	6,217,439	(61,556)	(21,535,928)	-	(15,380,045)
		Total Maintenance	6,217,439	(61,556)	(21,535,928)	-	(15,380,045)
		Total Local Street Improvements	20,069,503	(95,213)	(48,505,244)	(2,495,019)	(31,025,973)
SD201		Smart Growth Improvement Smart Growth - BRT	-	-	(137,667)	-	(137,667)
SD202		Smart Growth - Chollas	-	-	(43,414)	-	(43,414)
SD203		SGIP Euclid & Market	-	-	(26,038)	-	(26,038)
SD204		SGIP Comm & Imperial	-	-	(27,798)	-	(27,798)
		Total Smart Growth Improvement	-	-	(234,917)	-	(234,917)
		Completed Projects: Local Street Improvements: Congestion Relief:	84,269	-	(84,269)	-	-
		Total Cumulative <i>TransNet</i> Extension	\$ 23,927,772	\$ 152,339	\$ (52,477,399)	\$ (2,495,019)	\$ (30,892,307)

SCHEDULE C

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 RTCIP Schedule
 Year Ended June 30, 2011

Project Year	Status	Funds	Interest	Project	City	Status
	July 1, 2010	Received	Income	Expenditures	Adjustments	June 30, 2011
Year ended June 30, 2009	\$ 554,428	-	\$ 5,876	\$ (26,099)	-	\$ 534,205
Year ended June 30, 2010	876,138	-	9,286	-	-	885,424
Year ended June 30, 2011	-	1,189,183	12,604	-	-	1,201,787
Total RTCIP Funds	\$ 1,430,566	\$ 1,189,183	\$ 27,766	\$ (26,099)	\$ -	\$ 2,621,416

CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Marcos, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on the Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total expenditures in the amount of \$2,819,222. We selected \$1,137,219 (40.34%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures were charged and determined whether the MPO ID is included in the RTIP (see step 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over/under the threshold.

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2011 apportionment	\$1,551,102
Less: debt service payment	<u>(890,210)</u>
Net estimated apportionment	660,892
30% base	<u>30%</u>
Fiscal year 2011 30% threshold	198,268
Less: local streets and roads negative fund balance	<u>1,770,174</u>
Fund balance under apportionment	<u>\$1,968,442</u>

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Interest</u> <u>Payments</u>
2010 Series A	\$ -	\$30,000,000	\$ -	\$30,000,000	\$890,210

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG.
 - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$5,632,386
Less MOE base year requirement	<u>(4,803,743)</u>
Excess MOE for the year ended June 30, 2011	<u>\$ 828,643</u>

10. We reviewed transit operator eligibility for receipt of funds.

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

- a. We obtained a general ledger for the RTCIP fund from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. We determined whether the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

Results: No exceptions were noted as a result of our procedures.

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- 12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for the City.

- 13. We reviewed SANDAG's administrative expenditures to ensure they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

- 14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations reported in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be reported for the year ended June 30, 2011.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McLann P.C.

Irvine, California
June 13, 2012

CITY OF SAN MARCOS, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
TransNet:									
Local Streets and Roads:									
SM28	8198	Twin Oaks Valley Road Street Widening and Improvements	\$ 622,777	\$ -	\$ -	\$ -	\$ -	\$ 622,777	(d)
SM30	8205	San Marcos Blvd. Street Improvement Project	121,628	-	-	(82,966)	-	38,662	(d)
		Total Local Streets and Roads	744,405	-	-	(82,966)	-	661,439	
		Total <i>TransNet</i>	\$ 744,405	\$ -	\$ -	\$ (82,966)	\$ -	\$ 661,439	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
SM23	8163	Barham Drive Widening	\$ 16,318	\$ -	\$ -	\$ -	\$ -	\$ 16,318	(c)(d)
SM25	8165	Borden Road Street Improvement and Bridge Construction	-	-	-	(1,224,883)	-	(1,224,883)	(a)
SM28	8198	Twin Oaks Valley Rd. Street Widening and Improvements	21,192	-	-	-	-	21,192	(b)(d)
SM36	8213	Rock Springs-Richland/Woodland	(685,448)	-	-	(312,338)	-	(997,786)	(a)
SM47	8150	Nordahl Bridge at SR 78	-	-	-	(246,454)	-	(246,454)	(a)
		2010 Series A Bonds Debt Service	-	890,210	-	(890,210)	-	-	
		Total Congestion Relief	(647,938)	890,210	-	(2,673,885)	-	(2,431,613)	
Bikes and Pedestrian:									
SM37	8244	Barham Dr.-Twin Oaks Valley Rd to La Moree	-	11,786	-	(62,371)	-	(50,585)	(a)
V01	8162	Bike Path/Rail Trail Phase II	60,688	-	-	-	-	60,688	(b)(d)
		Total Bikes and Pedestrian	60,688	11,786	-	(62,371)	-	10,103	
		Total <i>TransNet</i> Extension	\$ (587,250)	\$ 901,996	\$ -	\$ (2,736,256)	\$ -	\$ (2,421,510)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 157,155	\$ 901,996	\$ -	\$ (2,819,222)	\$ -	\$ (1,760,071)	

Notes:

- (a) Funding will be requested in FY 12 to remove the deficit.
- (b) Although there has been no activity on this project, the City plans to spend this balance in FY 12.
- (c) Project is active expending *Non-TransNet* funding and the City estimates the project to be closed in FY 12.
- (d) The City earned negative investment income for the year; therefore, no interest was allocated to the projects.

SCHEDULE B

CITY OF SAN MARCOS, CALIFORNIA
 TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:							
Local Street Improvements:							
Congestion Relief:							
SM23	8163	Barham Drive Widening	\$ 1,000,000	\$ 148	\$ (983,830)	\$ -	\$ 16,318
SM25	8165	Borden Road Street Improvement and Bridge Construction	-	-	(1,224,883)	-	(1,224,883)
SM28	8198	Twin Oaks Valley Rd. Street Widening and Improvements	21,000	192	-	-	21,192
SM36	8213	Rock Springs-Richland/Woodland	-	-	(997,786)	-	(997,786)
SM47	8150	Nordahl Bridge at SR 78	-	-	(246,454)	-	(246,454)
		2010 Series A Bonds Debt Service	890,210	-	(890,210)	-	-
		Total Congestion Relief	<u>1,911,210</u>	<u>340</u>	<u>(4,343,163)</u>	<u>-</u>	<u>(2,431,613)</u>
Bikes and Pedestrian:							
SM37	8244	Barham Dr.-Twin Oaks Valley Rd to La Moree	11,786	-	(62,371)	-	(50,585)
V01	8162	Bike Path/Rail Trail Phase II	132,414	1,668	(73,394)	-	60,688
		Total Bikes and Pedestrian	<u>144,200</u>	<u>1,668</u>	<u>(135,765)</u>	<u>-</u>	<u>10,103</u>
		Total TransNet Extension	<u>\$ 2,055,410</u>	<u>\$ 2,008</u>	<u>\$ (4,478,928)</u>	<u>\$ -</u>	<u>\$ (2,421,510)</u>

CITY OF SAN MARCOS, CALIFORNIA

TransNet Extension Activities
RTCIP Funds

Year Ended June 30, 2011

Project Year	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
Year ended June 30, 2009	\$ 14,385	\$ -	\$ 127	\$ -	\$ -	\$ 14,512
Year ended June 30, 2010	2,040	-	18	-	-	2,058
Year ended June 30, 2011	-	93,760	829	-	-	94,589
Total RTCIP Funds	\$ 16,425	\$ 93,760	\$ 974	\$ -	\$ -	\$ 111,159

CITY OF SANTEE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Santee, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total expenditures in the amount of \$922,899. We selected \$239,614 (25.96%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over/under the threshold.

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2011 apportionment	\$1,120,518
Less: debt service payment	<u>(573,903)</u>
Net estimated apportionment	546,615
30% base	<u>30%</u>
Fiscal year 2011 30% threshold	163,985
Less: local streets and roads fund balance	<u>(26,325)</u>
Fund balance under apportionment	<u>\$ 190,310</u>

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Interest</u> <u>Payments</u>
Commercial Paper	\$3,950,000	\$ -	\$(3,950,000)	\$ -	\$ -
2010 Series B	-	7,979,300	(326,636)	7,652,664	(247,267)

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement.
- We obtained the current MOE requirements for each recipient agency from SANDAG.
 - We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$ 641,629
Less MOE base year requirement	<u>(612,429)</u>
Excess MOE for fiscal year ended June 30, 2011	<u>\$ 29,200</u>

10. We reviewed transit operator eligibility for receipt of funds.

Results: This procedure did not apply to the City.

11. For the cities and County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the fiscal year ended June 30, 2011.

- a. We obtained a general ledger for the RTCIP fund from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the recipient agency. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: The City recorded total expenditures in the amount of \$1,713. We selected \$833 (48.63%) for testing. No exceptions were noted as a result of our procedures.

- v. We reviewed and ensured that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

Results: No exceptions were noted as a result of our procedures.

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- 12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for the City.

- 13. We reviewed SANDAG's administrative expenditures to ensure they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

- 14. For SANDAG only, we performed the following additional procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

- 15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
June 13, 2012

SCHEDULE A

CITY OF SANTEE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

<u>MPO ID</u>	<u>Project Name</u>	<u>Project Status July 1, 2010</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2011</u>	<u>Notes</u>
TransNet:								
Local Streets and Roads:								
SNT04	Santee Rehabilitation/Major Repair Work	\$ 191,587	\$ -	\$ 716	\$ -	\$ (192,303)	\$ -	(a)
	Total Local Streets and Roads	191,587	-	716	-	(192,303)	-	
	Total <i>TransNet</i>	\$ 191,587	\$ -	\$ 716	\$ -	\$ (192,303)	\$ -	
TransNet Extension:								
Local Street Improvements:								
Congestion Relief:								
SNT04	Santee Rehabilitation/Major Repair Work	\$ -	\$ -	\$ -	\$ (61,586)	\$ 192,303	\$ 130,717	(a)
SNT09	Prospect Ave./Fanita Dr. Signal Impr.	(69,085)	124,000	-	(54,807)	-	108	
SNT12	Pavement Repair/Rehabilitation	1,059	-	6	-	-	1,065	
SNT15	Traffic Signal LED Light Replacement	-	-	-	(754)	-	(754)	(b)
	Commercial Paper Debt Service	-	3,950,000	-	-	(3,950,000)	-	(c)
	2010 Series B Bonds Debt Service	-	573,903	-	(573,903)	-	-	
	Total Congestion Relief	(68,026)	4,647,903	6	(691,050)	(3,757,697)	131,136	
Maintenance:								
SNT07	Santee Slurry Seal/Minor Repair Work	74,167	-	221	(231,849)	-	(157,461)	(d)
	Total Maintenance	74,167	-	221	(231,849)	-	(157,461)	
	Total Local Street Improvements	6,141	4,647,903	227	(922,899)	(3,757,697)	(26,325)	

CITY OF SANTEE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2011	Notes
	Balance carried forward <i>TransNet</i> Extension	6,141	4,647,903	227	(922,899)	(3,757,697)	(26,325)	
	Bikes and Pedestrian:							
SNT13	Carlton Oaks Striping	-	30,200	-	-	(30,200)	-	(e)
	Total Bikes and Pedestrian	-	30,200	-	-	(30,200)	-	
	Total <i>TransNet</i> Extension	\$ 6,141	\$ 4,678,103	\$ 227	\$ (922,899)	\$ (3,787,897)	\$ (26,325)	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 197,728	\$ 4,678,103	\$ 943	\$ (922,899)	\$ (3,980,200)	\$ (26,325)	

Notes:

- (a) Project funding transferred to SNT04 under *Transnet* Extension funding.
- (b) The City will draw down funds during FY 12.
- (c) Funds received from the Commercial Paper borrowing were utilized to reimburse the City for *TransNet* eligible expenditures incurred in prior fiscal years.
- (d) The City received funding during FY 12.
- (e) The City recorded the project expenditures in its TDA Fund during FY 10.

SCHEDULE B

CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2011

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SNT02	Forrester Creek Channelization	\$ 3,950,000	-	(3,950,000)	-	\$ -
SNT04	Santee Rehabilitation/Major Repair Work	-	-	(61,586)	192,303	130,717
SNT08	Mast Boulevard Street Lighting	117,293	-	(117,292)	(1)	-
SNT09	Prospect Ave./Fanita Dr. Signal Improvements	194,000	-	(193,892)	-	108
SNT12	Pavement Repair/Rehabilitation	918,000	45	(916,980)	-	1,065
SNT15	Traffic Signal LED Light Replacement	-	-	(754)	-	(754)
	Commercial Paper Debt Service	3,979,674	-	-	(3,979,674)	-
	2010 Series B Bonds Debt Service	573,903	-	(573,903)	-	-
	Total Congestion Relief	9,732,870	45	(5,814,407)	(3,787,372)	131,136
Maintenance:						
SNT07	Santee Slurry Seal/Minor Repair Work	100,000	362	(257,824)	1	(157,461)
	Total Maintenance	100,000	362	(257,824)	1	(157,461)
	Total Local Street Improvements	9,832,870	407	(6,072,231)	(3,787,371)	(26,325)
Bikes and Pedestrian:						
SNT13	Carlton Oaks Striping	30,200	-	-	(30,200)	-
	Total Bikes and Pedestrian	30,200	-	-	(30,200)	-
	Total Cumulative TransNet Extension	\$ 9,863,070	\$ 407	\$ (6,072,231)	\$ (3,817,571)	\$ (26,325)

SCHEDULE C

CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2011

Project Year	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	Status June 30, 2011
Year ended June 30, 2009	\$ 196,020	\$ -	\$ 908	\$ (1,713)	\$ -	\$ 195,215
Year ended June 30, 2010	302,663	-	1,414	-	-	304,077
Year ended June 30, 2011	-	124,860	584	-	-	125,444
Total RTCIP Funds	\$ 498,683	\$ 124,860	\$ 2,906	\$ (1,713)	\$ -	\$ 624,736

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Solana Beach, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total expenditures in the amount of \$312,740. We selected \$86,633 (27.70%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

Results: An MPO ID for one of the expenditures selected was not included in the RTIP. See Finding Number 1 in the Findings and Recommendations section of this report.

- f. We determined that any amounts reported in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent

year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over/under the threshold.

Results: The City is not in compliance with the 30% requirement. The fund balance over the apportionment is as follows. See Finding Number 2 in the Findings and Recommendations section of this report.

Fiscal year 2011 apportionment	\$346,446
Less: debt service payment	<u>(204,268)</u>
Net estimated apportionment	142,178
30% base	<u>30%</u>
Fiscal year 2011 30% threshold	42,653
Less: fund balance per Schedule A	<u>(928,299)</u>
Fund balance over apportionment	<u>\$(885,646)</u>

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Interest</u> <u>Payments</u>
2010 Series A Bonds	\$ -	\$5,500,000	\$ -	\$5,500,000	\$(204,268)

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement.
 - a. We obtained the current MOE requirements for each recipient agency from SANDAG.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City is in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the fiscal year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$1,020,641
Less MOE base year requirement	<u>(525,442)</u>
Excess MOE for fiscal year ended June 30, 2011	\$ <u>495,199</u>

10. We reviewed transit operator eligibility for receipt of funds.

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

- a. We obtained a general ledger for the RTCIP fund from the City.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the City. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. We reviewed and ensured that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

Results: No exceptions were noted as a result of our procedures.

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for the City.

13. We reviewed SANDAG's administrative expenditures to ensure they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

15. We reviewed and documented the status of any prior year findings and recommendations.

Results: In 2010, the City had one prior year finding in that its *TransNet* fund balance exceeded 30% of its annual apportionment. As of June 30, 2011, this finding has not yet been resolved. See Finding Number 2 in the Findings and Recommendations section of this report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the recipient agency's response to the findings, if applicable.

Results: See the Findings and Recommendations section of this report.

The City's written responses to the recommendations identified in the procedures performed is described in the accompanying Finding and Recommendations section of this report. We did not perform additional agreed-upon procedures related to the City's response and express no opinion on it.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McLann P.C.

Irvine, California
June 13, 2012

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the *TransNet* Fund

Findings and Recommendations

Year Ended June 30, 2011

(1) **Need to Ensure that Projects are Included in the RTIP**

An MPO ID for one of the expenditures tested was not included in the RTIP. Subsequent to completion of fieldwork, the City Council added the project to the RTIP.

Board Policy 031, Rule #7, paragraph I states, in part:

“...All projects a local agency wishes to include in its Program of Projects (POP) must be consistent with the long-range Regional Transportation Plan and approved by the Commission for inclusion in the RTIP. A local agency’s projects shall not receive Commission approval until the Commission receives a resolution from the local agency that documents that the local agency held a noticed public meeting with an agenda item that clearly identified the proposed list of projects prior to approval by the local agency’s legislative body of the projects.”

Recommendation

We recommend that the City ensures that all projects are included in the RTIP prior to incurring any expenses.

Management Response

The City of Solana Beach City Council approved Resolution 2012-009 at a public hearing on February 8, 2012 which added to the RTIP the Traffic Signal Maintenance and Upgrades on Stevens Avenue and Valley Avenue project.

(2) **Need to Use Remaining Balance Before Requesting Future Funding**

As of June 30, 2011, the ending fund balance of the *TransNet* funds of the City of Solana Beach (City) was \$885,646, which exceeded 30% of its annual apportionment. This condition was previously reported in the prior year.

Board Policy 031, Rule #17, paragraph IV states, in part:

“...an agency that maintains a balance of more than 30 percent of its annual apportionment (after debt service payments) must use the remaining balance to fund projects. SANDAG will defer payment until the recipient agency’s Director of Finance, or equivalent, submits to SANDAG a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined.”

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Findings and Recommendations

(Continued)

(2) **Need to Use Remaining Balance Before Requesting Future Funding**

Recommendation

We recommend that the City exhaust the excess cash balance as expediently as possible. SANDAG is unable to advance additional funds until such time that the Director of Finance, or equivalent, certifies compliance with this Rule.'

Management Response

The City's largest *TransNet* project is Highway 101 Streetscaping (SB07). This project will cost approximately \$12-15 million dollars. The City expects to issue a construction contract by April 2012, which will utilize sufficient funding to lower the City's *TransNet* cash balance below the 30% reserve requirement.

CITY OF SOLANA BEACH, CALIFORNIA

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status		Notes
		July 1, 2010	June 30, 2011					June 30, 2011	June 30, 2011	
TransNet:										
Local Streets and Roads:										
SB01	Lomas Santa Fe / 15 Interchange	\$ 266,831	\$ -	\$ -	\$ -	(21,000)	(245,831)	\$ -	-	(b) (c)
N/A	Eden Gardens Master Plan	27,420	-	-	-	-	(27,420)	-	-	(b)
SB05	Highway 101 Rehab	59,792	-	-	-	-	(59,792)	-	-	(b)
SB06	CRT Rail Trail at Cliff Street	41,784	-	-	-	-	(41,784)	-	-	(b)
SB07	Highway 101 Streetscaping	775,177	-	5,598	-	(206,337)	315,327	889,765	889,765	(b)
	Total Local Streets and Roads	1,171,004	-	5,598	-	(227,337)	(59,500)	889,765	889,765	
	Total TransNet	\$ 1,171,004	\$ -	\$ 5,598	\$ -	\$ (227,337)	\$ (59,500)	\$ 889,765	\$ 889,765	
TransNet Extension:										
Local Street Improvements:										
Congestion Relief:										
SB01	Lomas Santa Fe / 15 Interchange	\$ 50,315	\$ -	\$ 107	\$ -	(17,185)	-	\$ -	33,237	(a)
SB08	Marine View Street Improvements	(5,500)	-	-	-	(541)	-	-	(6,041)	(d)
SB11	Traffic Calming Improvements	(1,485)	-	-	-	-	15,500	14,015	14,015	(b)
SB12	Highland/Lomas Santa Fe Intersection	-	-	-	-	(47,587)	-	(47,587)	(47,587)	(d)
SB13	Pavement Management / Software Update	-	-	-	-	-	65,000	65,000	65,000	(b)
	Total Congestion Relief	43,330	-	107	-	(65,313)	80,500	58,624	58,624	

CITY OF SOLANA BEACH, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011	Notes
		July 1, 2010	June 30, 2011						
	Balance carried forward	\$ 43,330	\$ -	\$ -	\$ 107	\$ (65,313)	\$ 80,500	\$ 58,624	
	Maintenance:								
	Maintenance/Non Congestion Relief	-	-	-	-	(20,090)	-	(20,090)	(d) (e)
	Total Maintenance	-	-	-	-	(20,090)	-	(20,090)	
	Total <i>TransNet</i> Extension	\$ 43,330	\$ -	\$ -	\$ 107	\$ (85,403)	\$ 80,500	\$ 38,534	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 1,214,334	\$ -	\$ -	\$ 5,705	\$ (312,740)	\$ 21,000	\$ 928,299	

Notes:

- (a) This project is complete and Staff will reprogram the remaining balance to SB 07 by City Council action on February 8, 2012.
- (b) Remaining funds from completed projects SB01, Eden Gardens, SB05, and SB06 were transferred to SB07, SB11 and SB13 per City Council Resolution #2011-041 and RTIP Amendment Number 7 (4/15/11).
- (c) \$21,000 was adjusted to remove the remaining escrow funds returned to the City. Amount was not from SANDAG.
- (d) To remain in compliance with SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 11. Additional funding will be requested once the City is in compliance with the 30% Rule.
- (e) The City will amend the RTIP on February 8, 2012 to include this project.

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2011
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SB01	Lomas Santa Fe / I5 Interchange	\$ 50,000	\$ 422	\$ (38,185)	\$ -	\$ 12,237
SB08	Marine View Street Improvements	-	-	(6,041)	-	(6,041)
SB11	Traffic Calming Improvements	-	-	(1,485)	15,500	14,015
SB12	Highland/Loma Santa Fe Intersection	-	-	(47,587)	-	(47,587)
SB13	Pavement Management / Software Update	-	-	-	65,000	65,000
	Total Congestion Relief	<u>50,000</u>	<u>422</u>	<u>(93,298)</u>	<u>80,500</u>	<u>37,624</u>
Maintenance						
	Maintenance/Non Congestion Relief	-	-	(20,090)	-	(20,090)
	Total Maintenance	<u>-</u>	<u>-</u>	<u>(20,090)</u>	<u>-</u>	<u>(20,090)</u>
	Total Local Street Improvements	<u>50,000</u>	<u>422</u>	<u>(113,388)</u>	<u>80,500</u>	<u>17,534</u>
	Total Cumulative TransNet Extension	<u>\$ 50,000</u>	<u>\$ 422</u>	<u>\$ (113,388)</u>	<u>80,500</u>	<u>\$ 17,534</u>

CITY OF SOLANA BEACH, CALIFORNIA

TransNet Extension Activities

RTCIP Funds

Year Ended June 30, 2011

Project Year	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
Year ended June 30, 2009	\$ 3,544	\$ -	\$ 7	\$ -	\$ -	\$ 3,551
Year ended June 30, 2010	-	-	-	-	-	-
Year ended June 30, 2011	-	-	-	-	-	-
Total RTCIP Funds	\$ 3,544	\$ -	\$ 7	\$ -	\$ -	\$ 3,551

CITY OF VISTA, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Vista, California (City) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The City's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.
- i. We reviewed the total project expenditures reported on Schedule A and agreed it to the recipient agency's general ledger.
- Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
- Results: The City recorded total expenditures in the amount of \$2,868,575. We selected \$1,178,018 (41.07%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- f. We determined that any amounts reported in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.
- Results: No exceptions were noted as a result of our procedures.
- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.
- Results: No exceptions were noted as a result of our procedures.
- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.
- Results: No exceptions were noted as a result of our procedures.
- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent

year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2011 apportionment	\$1,719,598
Less: debt service payment	<u> -</u>
Net estimated apportionment	1,719,598
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	515,879
Less: local streets and roads fund balance	<u>(174,086)</u>
Fund balance under apportionment	<u>\$341,793</u>

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement.
 - a. We obtained the current MOE requirements for each recipient agency from SANDAG.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was in compliance with the MOE requirement. MOE activity for the year ended June 30, 2011, is summarized as follows:

Current year local discretionary expenditures	\$3,338,145
Less MOE base year requirement	<u>(2,710,338)</u>
Excess MOE for the year ended June 30, 2011	<u>\$ 627,807</u>

10. We reviewed transit operator eligibility for receipt of funds.

Results: This procedure is not applicable for the City.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

- a. We obtained a general ledger for the RTCIP fund from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the recipient agency. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the recipient agency is using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. We reviewed and ensured that the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. Inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.

Results: No exceptions were noted as a result of our procedures.

- vi. We identified interest income for the fiscal year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- 12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for the City.

- 13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the City.

- 14. For SANDAG only, we performed the following additional procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the City.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

Results: The City had three prior year findings in that interest was not allocated to projects with a positive beginning balance, its *TransNet* fund balance exceeded 30% of its annual apportionment, and interest was not allocated to the RTCIP. As of June 30, 2011, all of the findings were resolved.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

The City's written responses to the recommendations identified in the procedures performed are described in the accompanying Findings and Recommendations section of this report. We did not perform additional agreed-upon procedures related to the City's responses and express no opinion on them.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McClann P.C.

Irvine, California
June 13, 2012

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status		Notes
			July 1, 2010	June 30, 2011					June 30, 2011	Notes	
TransNet:											
Local Streets and Roads:											
VISTA 07	7456	SR-78 Corridor Enhancement	\$ 597,857	\$ -	\$ -	249	(1,339)	-	\$ -	596,767	
VISTA 08	7741	W. Vista Way Widening	596,372	-	-	248	(2,362)	-	-	594,258	
VISTA 10	8043	Olive Avenue Sidewalks and Street Improvements	355,846	-	-	148	-	-	-	355,994	(a)
VISTA 11	8052	Median Enhancements	182,049	-	-	76	-	-	-	182,125	(a)
VISTA 12	8054	E. Vista Way Street Improvements	273,625	-	-	113	(273,738)	-	-	-	
VISTA 13	8053	ADA Street Improvements	223	-	-	-	(223,222)	-	-	223	
VISTA 17	8018	Grapevine Road Street Improvements	223,128	-	-	94	(2,001)	-	-	98,472	
VISTA 19	8030	Maryland Drive Sidewalks	100,431	-	-	42	-	-	-	(138,702)	(b)
VISTA 20	8039	Emerald & Vista Way Improvements	(138,702)	-	-	-	-	24,075	-	-	(c)
VISTA 22	8088	Inland Rail Trail Bike Lane Facility	(24,075)	-	-	-	-	-	-	182,530	
VISTA 26	8140	Taylor Streets Improvements	182,454	-	-	76	(83,263)	-	-	-	
VISTA 27	8141	Foothill Overlay & Improvements	83,228	-	-	35	-	-	-	151,839	(a)
VISTA 29	8152	La Mirada Dr. & Poinsettia Ave. Sig	151,776	-	-	63	-	-	3,827	-	(c)
VISTA 32	8127	E. Vista Way at Oak Dr. Signal	(3,827)	-	-	-	-	-	3,253	-	(c)
VISTA 33	8128	N. Santa Fe at East Dr. Signal	(3,253)	-	-	-	-	-	152,057	-	(c)
VISTA 34	8155	Street Rehab & Maintenance - Annual	(152,057)	-	-	-	-	-	-	-	
Total Local Streets and Roads			2,425,075	-	-	1,144	(585,925)	183,212	\$ -	2,023,506	
Total <i>TransNet</i>			2,425,075	\$ -	\$ -	1,144	(585,925)	183,212	\$ -	2,023,506	
TransNet Extension:											
Local Street Improvements:											
VISTA 08A	8191	W. Vista Way Widening Construction - Phase 1	\$ 10,982	\$ -	\$ -	5	-	-	\$ -	10,987	(d)
VISTA 12	8054	East Vista Way Street Improvements	-	-	-	-	(316,383)	-	-	(316,383)	(b)
VISTA 18	8029	California Avenue Improvements	34,641	-	-	14	-	-	-	34,655	
VISTA 22	8088	Inland Rail Trail Bike Lane Facility	(20,450)	-	-	-	(35,936)	(24,075)	-	(80,461)	(b)(c)(f)
Subtotal Congestion Relief			25,173	-	-	19	(352,319)	(24,075)	\$ -	(351,202)	

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2011	Project Status June 30, 2011	Notes
		Balance carried forward	\$ 25,173	-	\$ 19	\$ (352,319)	\$ (24,075)	\$ (351,202)		
VISTA 23	8051	Escondido Ave. Traffic Enhancements	1,217	-	-	(43,000)	-	(41,783)	(b)	
VISTA 27	8141	Foothill Overlay & Improvements	381,659	1,322,986	159	(1,347,321)	-	357,483		
VISTA 32	8127	East Vista Way at Oak Drive Signal	-	5,000	-	(789)	(3,827)	384	(c)	
VISTA 33	8128	North Santa Fe at East Drive Signal	-	4,000	-	(1,007)	(3,253)	(260)	(b)(c)	
VISTA 34	8155	Street Rehab & Maintenance - Annual	-	178,542	-	(38,527)	(151,116)	(11,101)	(b)(c)(f)(i)	
VISTA 38	8196	SR-78 Civic Center Guide Signs	47,592	-	20	(569)	-	47,043		
		Total Congestion Relief	455,641	1,510,528	198	(1,783,532)	(182,271)	564		
		Maintenance:								
VISTA 17	8018	Grapevine Road Street Improvements	-	45,000	-	(2,917)	-	42,083	(i)	
VISTA 25	7650	Roadway Rehab & Upgrade	16,759	-	7	(33,150)	-	(16,384)		
VISTA 28	8151	Thibido Road Curb & Landscape	(246,823)	-	-	-	-	(246,823)	(b)	
VISTA 30	8154	Street Rehab & Maintenance - FY2007-08	(2,032,593)	680,291	-	(276,276)	-	(1,628,578)	(b)	
VISTA 42	8218	Bobber Drive Storm Drain Rehabilitation	-	2,000	-	(1,059)	(941)	-	(f)	
VISTA 43	8219	Pavement and Sidewalk Management System	-	-	-	(282)	-	(282)	(b)	
		Total Maintenance	(2,262,657)	727,291	7	(313,664)	(941)	(1,849,984)		
		Total Local Street Improvements	(1,807,016)	2,237,819	205	(2,097,216)	(183,212)	(1,849,420)		
		Bikes and Pedestrians:								
VISTA 36	8185	Community Development Sidewalk Improvement Project	(11,305)	73,679	-	(135,539)	-	(73,165)	(e)	
VISTA 39	8187	Longhorn Dr. Sidewalk Improvement Project	(752)	-	-	(49,895)	-	(50,647)	(e)	
		Total Bikes and Pedestrians	(12,057)	73,679	-	(185,434)	-	(123,812)		
		Senior Mini-Grants:								
VISTA 35		Out & About Vista	(25,996)	25,996	-	-	-	-	(g)	
		Total Senior Mini-Grants	(25,996)	25,996	-	-	-	-		
		Total TransNet Extension	\$ (1,845,069)	\$ 2,337,494	\$ 205	\$ (2,282,650)	\$ (183,212)	\$ (1,973,232)		
		Total TransNet and TransNet Extension	\$ 580,006	\$ 2,337,494	\$ 1,349	\$ (2,868,575)	\$ -	\$ 50,274		

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status	
			July 1, 2010	June 30, 2011					June 30, 2011	Notes
		Non-TransNet:								
	8189	SR-78 Bus Stop Safety Barrier - Phase 1	\$ (374)	\$ -	\$ -	\$ -	\$ 374	\$ -		(h)
	8190	SR-78 Bus Stop Safety Barrier - Phase 2	(374)	-	-	-	374	-		(h)
		Total Non-TransNet	\$ (748)	\$ -	\$ -	\$ -	\$ 748	\$ -		
		Total TransNet, TransNet Extension and Non-TransNet	\$ 579,258	\$ 2,337,494	\$ 1,349	\$ (2,968,575)	\$ 748	\$ 50,274		

Notes:

- (a) Inactive projects where excess funds will be reallocated to other projects by Council approved action scheduled in May 2012.
- (b) Following Council approved actions in May 2012, projects with negative balances will be reduced or eliminated utilizing excess positive balances from other projects.
- (c) VISTA 22, 32, 33 and 34 - City adjustments transferring negative balances to same projects in *TransNet* Extension.
- (d) VISTA 08A reflects no expenditures because project was delayed due to pending Caltrans phase approvals. Potential completion anticipated in FY 14.
- (e) Reimbursement will be requested in FY 12.
- (f) VISTA 42 positive balance was transferred to VISTA 34 per BA 05-03 and Resolution 2011-76 (05/10/11) amending the FY 11 Capital Improvement Budget.
- (g) Beginning balance was restated due to expenditures occurring in the prior period.
- (h) Adjustment to reimburse *TransNet* Fund \$748 for prior year non-*TransNet* expenditures that have been moved to other funds.
- (i) Project payments are scheduled in FY 2012.

SCHEDULE B

CITY OF VISTA, CALIFORNIA

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2010
TransNet Extension:							
Local Street Improvements:							
Congestion Relief:							
	8191	W. Vista Way Widening Construction - Phase 1	\$ 250,000	\$ 458	\$ (239,471)	\$ -	\$ 10,987
VISTA 08A					(316,383)		(316,383)
VISTA 12	8054	East Vista Way Street Improvements	50,000	1,440	-	(16,785)	34,655
VISTA 18	8029	California Avenue Improvements	84,465	-	(140,851)	(24,075)	(80,461)
VISTA 22	8088	Inland Rail Trail Bike Lane Facility	270,000	50	(43,890)	(267,943)	(41,783)
VISTA 23	8051	Escondido Ave. Traffic Enhancements	1,704,645	159	(1,347,321)	-	357,483
VISTA 27	8141	Foothill Overlay & Improvements	5,000	-	(789)	(3,827)	384
VISTA 32	8127	East Vista Way at Oak Drive Signal	4,000	-	(1,007)	(3,253)	(260)
VISTA 33	8128	North Santa Fe at East Drive Signal	178,542	-	(38,527)	(151,116)	(11,101)
VISTA 34	8155	Street Rehab & Maintenance - Annual	75,000	1,981	(29,938)	-	47,043
VISTA 38	8196	SR 78 Civic Center Guide Signs					
		Total Congestion Relief	2,621,652	4,088	(2,158,177)	(466,999)	564
Maintenance:							
VISTA 17	8018	Grapevine Road Street Improvements	45,000	-	(2,917)	-	42,083
VISTA 25	7650	Roadway Rehab & Upgrade	25,000	7	(41,391)	-	(16,384)
VISTA 28	8151	Thibido Road Curb & Landscape	-	-	(246,823)	-	(246,823)
VISTA 30	8154	Street Rehab & Maintenance - FY2007-08	1,180,291	-	(2,808,869)	-	(1,628,578)
VISTA 42	8218	Bobier Drive Storm Drive & Street Rehabilitation	2,000	-	(1,059)	(941)	-
VISTA 43	8219	Pavement & Sidewalk Management System	-	-	(282)	-	(282)
		Total Maintenance	1,252,291	7	(3,101,341)	(941)	(1,849,984)
Bikes and Pedestrians:							
VISTA 36	8185	Community Development Sidewalk Improvement Project	73,679	-	(146,844)	-	(73,165)
VISTA 39	8187	Longhorn Dr. Sidewalk Improvement Project	-	-	(50,647)	-	(50,647)
		Total Bikes and Pedestrians	73,679	-	(197,491)	-	(123,812)
Senior Mini-Grants:							
VISTA 35		Out & About Vista	75,848	-	(75,848)	-	-
		Total Senior Mini-Grants	75,848	-	(75,848)	-	-
Total Cumulative TransNet Extension			\$ 4,023,470	\$ 4,095	\$ (5,532,857)	\$ (467,940)	\$ (1,973,232)

CITY OF VISTA, CALIFORNIA
 TransNet Extension Activities
 RTCIP Funds
 Year Ended June 30, 2011

Project Year	Status	Funds	Interest	Project	City	Status
	July 1, 2010	Received	Income	Expenditures	Adjustments	June 30, 2011
Year ended June 30, 2009	\$ 32,000	\$ -	346	\$ -	\$ -	32,346
Year ended June 30, 2010	69,360	-	736	-	-	70,096
Year ended June 30, 2011	-	101,969	1,083	-	-	103,052
Total RTCIP funds	\$ 101,360	\$ 101,969	\$ 2,165	\$ -	\$ -	\$ 205,494

COUNTY OF SAN DIEGO

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the County of San Diego, California (County) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. The County's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The County recorded total expenditures in the amount of \$9,201,722. We selected \$2,431,800 (26.43%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project with the same Program or related Program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over/under the threshold.

Results: The County is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2011 apportionment	\$11,366,124
Less: debt service payment	<u>(1,390,089)</u>
Net estimated apportionment	9,976,035
30% base	<u>30%</u>
Fiscal year 2011 30% threshold	2,992,811
Less: local streets and roads fund balance	<u>(1,105,417)</u>
Fund balance under apportionment	<u>\$ 1,887,394</u>

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Interest</u> <u>Payments</u>
2008 Bonds	\$21,653,625	\$ -	\$(446,349)	\$21,207,276	\$(943,740)

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - c. We identified the excess (deficiency) of discretionary expenditures over (under) the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: These procedures are not necessary as the MOE requirement for the County is \$0.

10. We reviewed transit operator eligibility for receipt of funds.

Results: This procedure is not applicable for the County.

11. For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.
 - a. We obtained a general ledger for the RTCIP fund from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
 - b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the County.

Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.
 - i. We ensured the recipient agency is using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.
 - ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.
 - iii. We determined whether all exaction fees have been expended within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.
 - iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.

Results: The County recorded total RTCIP expenditures in the amount of \$1,025,165. We selected \$158,898 (15.50%) for testing. No exceptions were noted as a result of our procedures.
 - v. We determined whether the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

Results: No exceptions were noted as a result of our procedures.

- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for the County.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for the County.

14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for the County.

15. We reviewed and documented any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. If applicable, we have included the County's response to the findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the County's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
June 13, 2012

SCHEDULE A

COUNTY OF SAN DIEGO

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2011	Notes
TransNet:									
Highways:									
CNTY 14	1003303	South Santa Fe - North	\$ 3,518,339	\$ -	\$ 25,685	\$ (500,000)	\$ -	\$ 3,044,024	
		Total Highways	3,518,339	-	25,685	(500,000)	-	3,044,024	
Local Streets and Roads:									
CNTY 24	1003046	Cole Grade - High School	424,697	-	3,282	(4,535)	-	423,444	
		Total Local Streets and Roads	424,697	-	3,282	(4,535)	-	423,444	
		Total <i>TransNet</i>	\$ 3,943,036	\$ -	\$ 28,967	\$ (504,535)	\$ -	\$ 3,467,468	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
CNTY 14	1003303	South Santa Fe - North	\$ -	\$ 2,472,900	\$ 883	\$ (2,464,644)	\$ -	\$ 9,139	
CNTY 14A	1010123	South Santa Fe - South	(74,422)	539,000	726	(711,602)	-	(246,298)	(a)(b)
		Subtotal Congestion Relief	(74,422)	3,011,900	1,609	(3,176,246)	-	(237,159)	

SCHEDULE A

COUNTY OF SAN DIEGO
 TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2011	Notes
		Subtotal Congestion Relief balance carried forward	\$ (74,422)	\$ 3,011,900	\$ 1,609	\$ (3,176,246)	\$ -	\$ (237,159)	
CNTY 17	1003307	SR 54/94 II & III	(50)	6,000	46	-	-	5,996	
CNTY 21	1003030	Bradley Avenue	113,880	359,000	256	(492,081)	-	(18,945)	(a)
CNTY 33	1009578	Via De La Santa	22,994	258,000	-	(342,321)	-	(61,327)	(a)(c)(d)
CNTY 34	1009589	Dye Road Extension	(30,268)	240,000	628	(167,765)	-	42,595	
CNTY 35	1009591	Ramona Street Extension	19,143	100,000	342	(122,955)	-	(3,470)	(a)
CNTY 36	1009592	San Vicente Road South I	(101,282)	736,770	87	(620,080)	-	15,495	
CNTY 38	1009758	Rancho Santa Fe Roundabouts	113,285	13,000	886	(13,000)	-	114,171	
CNTY 39	1010404	Bear Valley Parkway	644	10,000	5	(10,000)	-	649	
CNTY 46	1013096	AC Overlay	2,680	-	-	(2,680)	-	-	(d)(e)
CNTY 66	1003111	Lonestar Road	43,511	10,000	184	(43,519)	-	10,176	
CNTY 75	1012974	City of San Diego Funding Swap	-	157,000	-	(157,000)	-	-	(e)
CNTY 76	1013679	Jamacha Blvd. Phase 1 & 2	217,941	1,982,907	2,249	(1,818,003)	-	385,094	
CNTY 78	1013677	Inland Rail Trail	13,580	147,000	40	(256,598)	-	(95,978)	(a)
		Total Congestion Relief	341,636	7,031,577	6,332	(7,222,248)	-	157,297	
		Maintenance:							
CNTY 26	1003260	Olive Vista Drive	197,667	696,100	878	(660,286)	-	234,359	
CNTY 26	1007354	Valley Center Road Median	1,102,196	-	2,774	(814,653)	-	290,317	
		Total CNTY 26 Projects	1,299,863	696,100	3,652	(1,474,939)	-	524,676	

SCHEDULE A

COUNTY OF SAN DIEGO

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2011	Notes
			July 1, 2010	June 30, 2011						
		Total Congestion Relief balance carried forward	\$ 341,636	\$ 341,636	\$ 7,031,577	\$ 6,332	\$ (7,222,248)	\$ -	\$ 157,297	
		Subtotal Maintenance balance carried forward	1,299,863	1,299,863	696,100	3,652	(1,474,939)	-	524,676	
		Total Local Street Improvements	1,641,499	1,641,499	7,727,677	9,984	(8,697,187)	-	681,973	
		Total <i>TransNet</i> Extension	\$ 1,641,499	\$ 1,641,499	\$ 7,727,677	\$ 9,984	\$ (8,697,187)	\$ -	\$ 681,973	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 5,584,535	\$ 5,584,535	\$ 7,727,677	\$ 38,951	\$ (9,201,722)	\$ -	\$ 4,149,441	

Notes:

- (a) To remain in compliance with SANDAG Board Policy No. 031, Rule # 17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY 11. Additional funding will be requested during FY 12.
- (b) Funds requested exceeded 2 year RTIP allocation by \$18,297. The County passed a resolution to amend the RTIP in January 2012 to increase project allocation and cover exceeded amount and is in the process of obtaining ITOC approval.
- (c) Funds requested exceeded 2 year RTIP allocation by \$3,321. The County passed a resolution to amend the RTIP in January 2012 to increase project allocation and cover exceeded amount and is in the process of obtaining ITOC approval.
- (d) Projects had a positive beginning balance. The County expended the beginning balance before interest was earned and allocated.
- (e) Project completed.

SCHEDULE B

COUNTY OF SAN DIEGO
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2011
TransNet Extension:							
Local Street Improvements:							
Congestion Relief:							
CNTY 14	1003303	South Santa Fe - North	\$ 2,484,900	\$ 883	\$ (2,476,644)	\$ -	\$ 9,139
CNTY 14A	1010123	South Santa Fe - South	739,000	2,456	(987,754)	-	(246,298)
CNTY 17	1003307	SR 54/94 II & III	177,360	46	(171,410)	-	5,996
CNTY 21	1003030	Bradley Avenue	1,273,000	53,423	(1,287,368)	(58,000)	(18,945)
CNTY 33	1009578	Via De La Santa	589,377	210	(650,914)	-	(61,327)
CNTY 34	1009589	Dye Road Extension	811,000	635	(769,040)	-	42,595
CNTY 35	1009591	Ramona Street Extension	495,815	18,784	(518,069)	-	(3,470)
CNTY 36	1009592	San Vicente Road South I	1,482,173	132	(1,466,810)	-	15,495
CNTY 38	1009758	Rancho Santa Fe Roundabouts	516,000	2,678	(404,507)	-	114,171
CNTY 39	1010404	Bear Valley Parkway	792,835	649	(792,835)	-	649
CNTY 66	1033111	Lonestar Road	110,000	519	(100,343)	-	10,176
CNTY 76	1013679	Jamacha Blvd. Phase 1 & 2	2,803,907	3,836	(2,422,649)	-	385,094
CNTY 78	1013677	Inland Rail Trail	172,000	128	(268,106)	-	(95,978)
Total Congestion Relief			12,447,367	84,379	(12,316,449)	(58,000)	157,297
Maintenance:							
CNTY 26	1003099	Julian Avenue	1,800,000	132,966	(2,363,404)	430,438	-
CNTY 26	1003260	Olive Vista Drive	3,496,100	327,415	(3,218,650)	(370,506)	234,359
CNTY 26	1003276	Ramona Drive	1,000,000	54,562	(994,630)	(59,932)	-
CNTY 26	1007354	Valley Center Road Median	1,500,000	254,460	(1,464,143)	-	290,317
Subtotal CNTY 26 Projects			7,796,100	769,403	(8,040,827)	-	524,676
Total Maintenance			7,796,100	769,403	(8,040,827)	-	524,676
Total Local Street Improvements			20,243,467	853,782	(20,357,276)	(58,000)	681,973

COUNTY OF SAN DIEGO
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2011
Total Local Street Improvements balance carried forward			\$ 20,243,467	\$ 853,782	\$ (20,357,276)	\$ (58,000)	\$ 681,973
Completed Projects:							
Local Street Improvements:							
		Congestion Relief:	29,144,869	619,301	(33,620,581)	3,856,411	-
		Maintenance	1,960,000	4,531	(1,392,836)	(571,695)	-
		Bikes and Pedestrians	125,000	-	(125,000)	-	-
Total Cumulative <i>TransNet</i> Extension			<u>\$ 51,473,336</u>	<u>\$ 1,477,614</u>	<u>\$ (55,495,693)</u>	<u>\$ 3,226,716</u>	<u>\$ 681,973</u>

Note:
 Schedule B includes activity for Project CNTY 26 that was advance-funded prior to the implementation of the *TransNet* Extension Ordinance on July 1, 2008, through various SANDAG debt instruments and is paid down through the County of San Diego *TransNet* Extension Ordinance Local Street Improvement funding.

COUNTY OF SAN DIEGO
 TransNet Extension Activities
 RTCIP Funds
 Year Ended June 30, 2011

Project Year	Status	(1) Funds Received	Interest Income	Refunds	Project Expenditures	County Adjustments	Status June 30, 2011
	July 1, 2010						
Year ended June 30, 2009	\$ 8,065	\$ -	\$ 16	\$ -	\$ (8,081)	\$ -	\$ -
Year ended June 30, 2010	26,378	-	52	-	(26,430)	-	-
Year ended June 30, 2011	-	1,149,285	2,461	(29,094)	(990,654)	-	131,998
Total RTCIP Funds	\$ 34,443	\$ 1,149,285	\$ 2,529	\$ (29,094)	\$ (1,025,165)	\$ -	\$ 131,998

Notes:

(1) The County of San Diego does not have a specific RTCIP fee. The County's Transportation Impact Fee (TIF) program is the mechanism for complying with the Regional Transportation Congestion Implementation Program (RTCIP). Under the TIF program, the County collects regional residential fees for compliance with the RTCIP.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether ITOC was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. SANDAG's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either, for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: This procedure is not applicable for ITOC.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: This procedure is performed as part of procedure 12 of this report for ITOC.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).
 - b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.
 - c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.
 - d. We identified the interest income reported for the year ended June 30, 2011.
 - i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.
 - ii. We noted whether interest is applied to each active project that carries a positive beginning balance.
 - iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.
 - e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.
 - i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.
 - ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
 - iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure

is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

- f. We determined that any amounts reported in the “adjustments” column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.
- g. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.
 - i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.
- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.
- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.
- j. We obtained a signed staff report or resolution from the recipient agency’s governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.
- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: These procedures are not applicable for ITOC.

- 6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental

mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: This procedure is not applicable for ITOC.

7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

Results: This procedure is not applicable for ITOC.

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: This procedure is not applicable for ITOC.

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement.

Results: This procedure is not applicable for ITOC.

10. We reviewed transit operator eligibility for receipt of funds.

Results: This procedure is not applicable for ITOC.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) for the year ended June 30, 2011 from SANDAG.

- a. We obtained a general ledger for the RTCIP fund from the ITOC.
- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the ITOC.
- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from the ITOC. We agreed the ending balance per the prior year

schedule to the beginning balance for the fiscal year ended June 30, 2011, or footnoted any restatements.

- i. We determined that the ITOC is using the most current approved fee amount.
- ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.
- iii. We determined whether all exaction fees have been expended within seven years of collection.
- iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.
- v. We determined whether the ITOC provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.
- vi. We identified interest income for the fiscal year ended June 30, 2010 and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

Results: These procedures are not applicable as the RTCIP does not apply to ITOC.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: ITOC recorded total expenditures in the amount of \$85,510. We selected \$27,419 (32.07%) for testing. No exceptions were noted as a result of our procedures.

13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
 - a. We determined that the total administrative expenditures do not exceed one percent of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

- b. We reviewed at least 25% of the administrative expenditures and determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: These procedures are not applicable for ITOC.

14. For SANDAG only, we performed the following additional procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for ITOC.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the ITOC's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the fiscal year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on ITOC's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayor Hoffman McClann P.C.

Irvine, California
June 13, 2012

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
 Schedule of Status of Funds
 Year Ended June 30, 2011

Project Name	Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	Committee Adjustments	Status June 30, 2011
TransNet Extension:						
Independent Taxpayer Oversight Committee	\$ 274,134	\$ 341,892	\$ 4,378	\$ (85,510)	\$ -	\$ 534,894
Total ITOC	274,134	341,892	4,378	(85,510)	-	534,894
Total <i>TransNet</i> Extension	\$ 274,134	\$ 341,892	\$ 4,378	\$ (85,510)	\$ -	\$ 534,894

SCHEDULE B

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
 Cumulative Schedule of Status of Funds
 Year Ended June 30, 2011

Project Name	Funds Received	Interest Income	Project Expenditures	Committee Adjustments	Status June 30, 2011
<i>TransNet</i> Extension:					
Independent Taxpayer Oversight Committee	\$ 1,001,131	\$ 6,093	\$ (472,330)	\$ -	\$ 534,894
Total ITOC	1,001,131	6,093	(472,330)	-	534,894
Total Cumulative <i>TransNet</i> Extension	\$ 1,001,131	\$ 6,093	\$ (472,330)	\$ -	\$ 534,894

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the San Diego Metropolitan Transit System (MTS) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. MTS' management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with management, *TransNet* revenues and expenditures are not recorded in a separate fund, but MTS maintains separate accountability for all

TransNet activity. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted the MTS' alternative approach.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.
 - i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: MTS recorded total expenditures in the amount of \$25,577,230. We selected \$7,089,501 (27.72%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that is reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- 6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

- 7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual

apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: MTS is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2011 apportionment	\$23,727,235
Less: debt service payment	<u> -</u>
Net estimated apportionment	23,727,235
30% base	<u> 30%</u>
Fiscal year 2011 30% threshold	7,118,171
Less: local streets and roads fund balance	<u> (235)</u>
Fund balance under apportionment	<u>\$ 7,117,936</u>

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement.

Results: This procedure is not applicable as MTS is not subject to MOE requirements.

10. We reviewed transit operator eligibility for receipt of funds.
 - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
 - b. We obtained the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year.
 - c. We reviewed and reported the increase in total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services in excess of the increase in the CPI.

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services is shown in the tables below. For both modes of transportation, MTS was in compliance with the

requirement that the increase in operating costs per vehicle hour and vehicle mile were less than the increase in CPI.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2011</u>	<u>2010</u>	<u>Growth Rate</u>
Operating cost for buses	\$140,008,751	\$142,314,150	
Revenue vehicle hours	1,680,436	1,733,857	
 Total operating cost per revenue vehicle hour	 \$83.32	 \$82.08	 1.015
 Consumer Price Index	 252.451	 244.242	 1.034

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2011</u>	<u>2010 (1)</u>	<u>Growth Rate</u>
Operating cost for rail	\$60,815,846	\$62,738,836	
Revenue vehicle miles	7,518,512	7,848,443	
 Total operating cost per revenue vehicle mile	 \$8.09	 \$7.99	 1.012
 Consumer Price Index	 252.451	 244.242	 1.034

(1) In the prior year report, 2010 operating costs were reported as \$61,127,104. The increase of \$1,611,732 is due to an adjustment made to remove costs originally capitalized, but which should have been expensed.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.
 - a. We obtained a general ledger for the RTCIP fund from MTS.
 - b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from MTS.
 - c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from MTS. We agreed the ending balance per the prior year schedule to the beginning balance for the year ended June 30, 2011, or footnoted any restatements.
 - i. We determined that MTS is using the most current approved fee amount.

- ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.
- iii. We determined whether all exaction fees have been expended within seven years of collection.
- iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.
- v. We reviewed and ensured that MTS provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension Ordinance. We inquired of management and ensured that procedures exist to ensure all qualified properties are included in the program.
- vi. We identified interest income for the year ended June 30, 2011, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

Results: The RTCIP is a requirement for local jurisdictions that have newly constructed residential housing units. Therefore, these procedures are not applicable to transit operators such as MTS.

12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for MTS.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: These procedures are not applicable for MTS.

14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.

- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for MTS.

15. We reviewed any documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included MTS' response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on MTS' receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Maya Hoffman McClain P.C.

Irvine, California
June 13, 2012

SCHEDULE A

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	MTS Adjustments	Project Status June 30, 2011
TransNet:							
Capital:							
MTS 28, 30	Bus/Rail Support, Equipment, & Facilities	\$ 225,061	\$ -	\$ 499	\$ (225,560)	\$ -	\$ -
	Total Capital	225,061	-	499	(225,560)	-	-
	Total <i>TransNet</i>	\$ 225,061	\$ -	\$ 499	\$ (225,560)	\$ -	\$ -
TransNet Extension:							
Operating:							
MTS 33A	Senior and Disabled Transportation:						
	MTS Access	\$ -	\$ 613,107	\$ -	\$ (613,107)	\$ -	\$ -
	Total Senior and Disabled Transportation	-	613,107	-	(613,107)	-	-
MTS 23A	Transit and Trolley:						
	MTS Operating Support	-	23,114,128	-	(23,113,893)	-	235
SAN 80	Major Transit Corridor Operations:						
	Rapid Bus Transit	-	63,998	-	(63,998)	-	-
	SuperLoop	-	1,560,672	-	(1,560,672)	-	-
	Total Major Transit Corridor Operations	-	1,624,670	-	(1,624,670)	-	-
	Total Transit and Trolley	-	24,738,798	-	(24,738,563)	-	235
	Total Operating	-	25,351,905	-	(25,351,670)	-	235
	Total <i>TransNet</i> Extension	\$ -	\$ 25,351,905	\$ -	\$ (25,351,670)	\$ -	\$ 235
	Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 225,061	\$ 25,351,905	\$ 499	\$ (25,577,230)	\$ -	\$ 235

SCHEDULE B

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2011

<u>MPO ID</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>MTS Adjustments</u>	<u>Status June 30, 2011</u>
	TransNet Extension					
	Operating:					
	Senior and Disabled Transportation:					
MTS 33A	MTS Access	\$ 1,819,607	\$ -	\$ (1,819,607)	\$ -	\$ -
	Total Senior and Disabled Transportation:	1,819,607	-	(1,819,607)	-	-
MTS 23A	Transit and Trolley MTS Access	57,665,364	-	(57,665,129)	-	235
SAN 80 SAN 80	Major Transit Corridor Operations: MTS Access SuperLoop	190,105 3,645,893	-	(190,105) (3,645,893)	-	-
	Total Major Transit Corridor Operations	3,835,998	-	(3,835,998)	-	-
	Total Transit and Trolley	61,501,362	-	(61,501,127)	-	235
	Total Operating	63,320,969	-	(63,320,734)	-	235
	Capital:					
SAN 67	Blue Line Rehab	43,310,407	-	(43,310,407)	-	-
	Total Capital	43,310,407	-	(43,310,407)	-	-
	Total Cumulative TransNet Extension	\$ 106,631,376	\$ -	\$ (106,631,141)	\$ -	\$ 235

**NORTH COUNTY TRANSIT DISTRICT
OCEANSIDE, CALIFORNIA**

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the North County Transit District, Oceanside, California (NCTD), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. NCTD's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with NCTD management, *TransNet* revenues and expenditures are not recorded in a separate fund. However, since NCTD is an

enterprise fund, it does maintain separate accountability for all *TransNet* activity. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6 if submitted to SANDAG for concurrence. SANDAG has accepted NCTD's alternative approach.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We noted whether interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology in accordance with the Ordinance and Board Policy No, 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: NCTD recorded total expenditures in the amount of \$10,125,826. We selected \$2,861,514 (28.26%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged and determined whether the MPO ID is included in the RTIP (see procedure 2) and that the individual expenditure is an eligible cost per the *TransNet* and *TransNet* Extension Ordinances and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that is reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in Schedule A for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- 6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

- 7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's fiscal year annual *TransNet* apportionment did not exceed 30% of the recipient agency's current year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule

showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: NCTD is in compliance with the 30% requirement. The fund balance under the apportionment is as follows:

Fiscal year 2011 apportionment	\$9,734,072
Less: debt service payment	<u>(66,156)</u>
Net estimated apportionment	9,667,916
30% base	<u>30%</u>
Fiscal year 2011 30% threshold	2,900,375
Less: fund balance per Schedule A	<u>(1,796,057)</u>
Fund balance under apportionment	<u>\$1,104,318</u>

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: NCTD has \$34,000,000 in outstanding commercial paper. However, it does not use *TransNet* funds for the payment of principal and interest. For the year ended June 30, 2011, NCTD paid \$66,156 in interest on commercial paper, which represents the cost of being in the commercial paper program.

9. For the cities and the County of San Diego only, we reviewed the maintenance of effort (MOE) requirement.

Results: This procedure is not applicable as NCTD is not subject to MOE requirements.

10. We reviewed transit operator eligibility for receipt of funds.

- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services for the current year and the prior year.
- b. We obtained the increase in the Consumer Price Index for San Diego County (CPI) over the same period of the prior year from SANDAG.
- c. We reviewed and reported the increase in total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services in excess of the increase in the CPI.

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and the increase in total operating cost per revenue vehicle mile for rail services are as follows. For both modes of transportation, NCTD was in compliance with the requirement that the increase in operating costs per vehicle hour and vehicle mile were less than the increase in CPI.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2011</u>	<u>2010</u>	<u>Growth Rate</u>
Operating cost for bus services	\$42,720,619	\$42,963,244	
Revenue vehicle hours	438,086	454,068	
 Total operating cost per revenue vehicle hour	 \$97.52	 \$94.62	 1.0306
 Consumer Price Index	 252.451	 244.242	 1.0336

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2011</u>	<u>2010</u>	<u>Growth Rate</u>
Operating cost for rail services	\$28,912,425	\$28,197,382	
Revenue vehicle miles	761,909	740,828	
 Total operating cost per revenue vehicle mile	 \$37.95	 \$38.06	 0.9971
 Consumer Price Index	 252.451	 244.242	 1.0336

- For the cities and the County of San Diego only, we obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the fiscal year ended June 30, 2011.

Results: The RTCIP is a requirement for local jurisdictions that have newly constructed residential housing units. Therefore, these procedures are not applicable to transit operators such as NCTD.

- For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for NCTD.

13. We reviewed SANDAG's administrative expenditures to determine whether they complied with Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.

Results: This procedure is not applicable for NCTD.

14. For SANDAG only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.
- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: These procedures are not applicable for NCTD.

15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included NCTD's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on NCTD's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McClann P.C.

Irvine, California
June 13, 2012

NORTH COUNTY TRANSIT DISTRICT
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Project Status July 1, 2010	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2011	Notes
<i>TransNet:</i>								
<i>Capital:</i>								
<i>Transit:</i>								
NCTD16	Inland (O-E Line)	\$ -	\$ -	\$ 5	\$ -	\$ 6,394	\$ 6,399	(a)
NCTD18	Coastal	1,754,536	-	6,346	-	-	1,760,882	
	STP Projects and Services	28,672	-	104	-	-	28,776	(e)
	Total Transit	1,783,208	-	6,455	-	6,394	1,796,057	
<i>Bike and Pedestrian</i>								
NCTD115	Bicycles	5,690	-	16	-	(5,706)	-	(b)(f)
	Total Bike and Pedestrian	5,690	-	16	-	(5,706)	-	
	Total Capital	1,788,898	-	6,471	-	688	1,796,057	
	Total <i>TransNet</i>	\$ 1,788,898	\$ -	\$ 6,471	\$ -	\$ 688	\$ 1,796,057	
<i>TransNet Extension:</i>								
<i>Operating:</i>								
NCTD03	Senior and Disabled Transportation: Elderly and Disabled	\$ -	\$ 252,000	\$ -	\$ (252,000)	\$ -	\$ -	
	Total Senior and Disabled Transportation	-	252,000	-	(252,000)	-	-	

NORTH COUNTY TRANSIT DISTRICT
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2011	Notes
		July 1, 2010	June 30, 2011						
	Balance carried forward	\$ -	\$ -	\$ 252,000	\$ -	\$ (252,000)	\$ -	\$ -	
	Transit:								
NCTD16B	Oceanside to Escondido Rail Operations	-	-	1,646,144	-	(1,646,144)	-	-	
NCTD34	Expanded Transit Service	-	-	7,836,856	-	(7,836,856)	-	-	
	Total Transit	-	-	9,483,000	-	(9,483,000)	-	-	
	TransNet Senior Mini Grant:								
NCTD34	TransNet Senior Services	(11,668)	-	11,544	-	(37,061)	-	(37,185)	(c)
	Total <i>TransNet</i> Senior Mini Grant	(11,668)	-	11,544	-	(37,061)	-	(37,185)	
	Total Operating	(11,668)	-	9,746,544	-	(9,772,061)	-	(37,185)	
	Capital:								
	Major Corridor:								
NCTD16	Oceanside-Escondido Rail Project	2,569,508	9,278	-	9,278	(273,724)	415,055	2,720,117	(g)
NCTD40	Rail Station Improvement	1,110,475	3,832	-	3,832	(80,041)	-	1,034,266	
V01	Inland Rail Trail	-	-	857,834	-	-	(857,834)	-	(d)(f)
	Total Major Corridor	3,679,983	13,110	857,834	13,110	(353,765)	(442,779)	3,754,383	
	Subtotal <i>TransNet</i> Extension	3,668,315	13,110	10,604,378	13,110	(10,125,826)	(442,779)	3,717,198	

NORTH COUNTY TRANSIT DISTRICT
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Name	Project Status		Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2011	Notes
		July 1, 2010	June 30, 2011						
	Balance carried forward	\$ 3,668,315	\$ 10,604,378	\$ 13,110	\$ (10,125,826)	\$ (442,779)	\$ 3,717,198		
	Bike, Pedestrian and Neighborhood Safety (BPNS):								
V01	Inland Rail Trail	(857,834)	-	-	-	857,834	-	(d)(f)	
	Total BPNS	(857,834)	-	-	-	857,834	-		
	Total Capital	2,822,149	857,834	13,110	(353,765)	415,055	3,754,383		
	Total <i>TransNet</i> Extension	\$ 2,810,481	\$ 10,604,378	\$ 13,110	\$ (10,125,826)	\$ 415,055	\$ 3,717,198		
	Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 4,599,379	\$ 10,604,378	\$ 19,581	\$ (10,125,826)	\$ 415,743	\$ 5,513,255		

Notes:

- (a) Vendor refund of previous year's expenditures was received in FY 11.
- (b) Funds returned to SANDAG.
- (c) \$15,942 was received from SANDAG in FY 2012. Additional reimbursement requests will be sent to SANDAG in FY 12.
- (d) FY 11 payment of the FY 10 deficit was made with *TransNet* Major Corridor funds instead of BPNS funds. NCTD transferred the funds between the projects.
- (e) This is a *TransNet* project and activity will remain on the Schedule until all funds have been depleted. NCTD plans to expend it in FY 2012.
- (f) Project is complete.
- (g) Adjustment represents an OCIP refund of \$341,055. The remaining \$74,000 represent refunds received from various other vendors.

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2011
	TransNet Extension:					
	Operating:					
	Major Corridor:					
NCTD34	Expanded Transit Service	\$ 1,313,066	\$ -	\$ (1,313,066)	\$ -	\$ -
	Total Major Corridor	1,313,066	-	(1,313,066)	-	-
	Senior and Disabled Transportation:					
NCTD03	Elderly and Disabled	748,083	-	(748,083)	-	-
	Total ADA	748,083	-	(748,083)	-	-
	Transit:					
NCTD16B	Oceanside to Escondido Rail Operations	4,126,809	-	(4,126,809)	-	-
NCTD34	Expanded Transit Service	23,961,765	-	(23,961,765)	-	-
	Total Transit	28,088,574	-	(28,088,574)	-	-
	TransNet Senior Mini Grant:					
NCTD34	TransNet Senior Services	97,608	-	(134,793)	-	(37,185)
	Total TransNet Senior Mini Grant	97,608	-	(134,793)	-	(37,185)
	Total Operating	30,247,331	-	(30,284,516)	-	(37,185)

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Name	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2011
		\$	\$	\$	\$	\$
	Balance carried forward	30,247,331	-	(30,284,516)	-	(37,185)
	Capital:					
	Major Corridor:					
NCTD16	Oceanside-Escondido Rail Project	65,304,611	359,308	(63,358,857)	415,055	2,720,117
NCTD40	Rail Station Improvements	1,230,000	40,089	(242,382)	6,559	1,034,266
V01	Inland Rail Trail	857,834	-	-	(857,834)	-
	Total Major Corridor	67,392,445	399,397	(63,601,239)	(436,220)	3,754,383
	Bike, Pedestrian and Neighborhood Safety (BPNS):					
V01	Inland Rail Trail	3,870,000	25,257	(4,753,091)	857,834	-
	Total BPNS	3,870,000	25,257	(4,753,091)	857,834	-
	Total Capital	71,262,445	424,654	(68,354,330)	421,614	3,754,383
	Completed Projects:					
	Capital:					
	Major Corridor	459,699	6,559	(459,699)	(6,559)	-
	Total Cumulative <i>TransNet</i> Extension	101,969,475	\$ 431,213	\$ (99,098,545)	\$ 415,055	\$ 3,717,198

Note - Schedule B includes activity that was advance-funded through various SANDAG debt instruments and is paid down with *TransNet* Extension Ordinance Major Corridor Program Funding and NCTD funding.

**SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA**

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the San Diego Association of Governments (SANDAG) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2011. SANDAG's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the 1987 Proposition A San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet* Extension Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

Results: No exceptions were noted as a result of our procedures.

2. We obtained the applicable approved Regional Transportation Improvement Program (RTIP) from SANDAG.

Results: No exceptions were noted as a result of our procedures.

3. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

4. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

5. We obtained the Schedule of Status of Funds by Project (Schedule A) from the recipient agency and determined that it included a beginning balance, *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc).

Results: No exceptions were noted as a result of our procedures.

- b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG and compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2011.

- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We ensured that interest is applied to each active project that carries a positive beginning balance.

Results: No exceptions were noted as a result of our procedures.

- iii. We reviewed the interest allocation methodology for reasonableness.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the year ended June 30, 2011.

- i. We reviewed the total project expenditures reported on Schedule A and agreed them to the *TransNet* general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures for testing that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: SANDAG recorded total expenditures in the amount of \$125,117,093. We selected \$37,769,861 (30.19%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determine if the MPO ID is included in the RTIP (see step 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- f. We determined that any amounts reported in the “adjustments” column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained a list of completed projects from the recipient agency that is reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project has not been transferred to another *TransNet*-eligible project, we ensured that a footnote is presented that includes the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- h. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A is included with the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We determined whether projects which have had no activity over the past two years, other than interest earnings, are closed out or that the recipient agency has presented a footnote as to the status of the project, including when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- j. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- k. We determined whether the recipient agency reported non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the recipient agency and determined that it included cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects are properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

Results: No exceptions were noted as a result of our procedures.

7. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment did not exceed 30% of the recipient agency's current year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service payments (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and excess balance over the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. SANDAG is not a recipient of an annual apportionment.

8. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt, additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2011.

9. We reviewed the maintenance of effort (MOE) requirement for SANDAG.

Results: This procedure is not applicable for SANDAG.

10. We reviewed transit operator eligibility for receipt of funds.

Results: This procedure is not applicable for SANDAG.

11. We obtained the approved Regional Transportation Congestion Improvement Program (RTCIP) from SANDAG for the year ended June 30, 2011.

- a. We obtained a general ledger for the RTCIP fund from the recipient agency.
- b. We obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program from the recipient agency.
- c. We obtained the RTCIP schedule, which included the beginning balance, exactions collected, interest earned, expenditures incurred and the ending balance, from SANDAG. We agreed the ending balance per the prior year schedule to the beginning balance for the fiscal year ended June 30, 2010, or footnoted any restatements.
 - i. We determined that the recipient agency is using the most current approved fee amount.
 - ii. We inquired of management as to whether procedures are in place to track each exaction fee paid by development.
 - iii. We determined whether all exaction fees have been expended within seven years of collection.
 - iv. We obtained a list of RTCIP-approved regional arterial system projects from SANDAG and tested at least 10% of the expenditures to ensure that the expenditures are for projects on the approved regional arterial system project list.
 - v. We determined whether the recipient agency provided its full monetary contribution required by Section 9(A) of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures exist to ensure all qualified properties are included in the program.

- vi. We identified interest income for the fiscal year ended June 30, 2010, and determined whether the interest income reported on the RTCIP schedule agrees to the RTCIP general ledger. We reviewed the interest allocation methodology for reasonableness.

Results: These procedures are not applicable as SANDAG is not a local agency as identified in Section 9 of the Extension Ordinance.

- 12. For ITOC only, we reviewed at least 25% of ITOC expenditures to determine whether they are reasonable and necessary in carrying out ITOC's responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: This procedure is not applicable for SANDAG.

- 13. For SANDAG only, we performed the following additional procedures per Section 12 of the *TransNet* Extension Ordinance and Expenditure Plan.
 - a. We determined that the total administrative expenditures do not exceed one percent of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed at least 25% of the administrative expenditures and determined whether they were expended by SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: No exceptions were noted as a result of our procedures.

- 14. For SANDAG only, we performed the following additional procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed the fiscal year 2011 *TransNet* Local Street Improvements Allocation Schedule and determined whether at least 70% of the revenues

provided for local street improvement purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Results: No exceptions were noted as a result of our procedures.

15. We reviewed any prior year findings and recommendations and determined whether they were adequately addressed.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

16. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included SANDAG's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on SANDAG's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McClann P.C.

Irvine, California
June 13, 2012

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011	Notes
TransNet:								
Highways:								
SAN13	1142600	Joint Transit Operations Center	\$ -	112	(112)	\$ -	\$ -	
		Total Highways	-	112	(112)	-	-	
Transit:								
	1095400	LFV Station Platform Retrofit	-	1,291,883	(1,291,883)	-	-	
		Total Transit	-	1,291,883	(1,291,883)	-	-	
		Total <i>TransNet</i>	-	1,291,995	(1,291,995)	-	-	
TransNet Extension:								
Administration:								
		SANDAG 1% Administration	-	2,035,283	(2,035,283)	-	-	(b)
		Total Administration	-	2,035,283	(2,035,283)	-	-	
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass Through:								
NC11	1223001	SWater River Bike Path Gap	-	13,325	(13,325)	-	-	
SD191	1224014	Bike Detection at Signalized Intersection/SR-15 Bike Path	-	47,892	(47,892)	-	-	
SM37	1223007	Barham Dr. Urban Trail Improvements	-	98,106	(98,106)	-	-	
V01	1223002	Inland Rail Trail	-	20,625	(20,625)	-	-	
		Subtotal BPNS - Pass Through	-	179,948	(179,948)	-	-	
		Subtotal <i>TransNet</i> Extension	-	2,215,231	(2,215,231)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and *TransNet* Extension Activities
 Schedule of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	
		Balance carried forward	-	\$ 2,215,231	\$ (2,215,231)	-	-	-
		BPNS - Pass Through balance carried forward	-	179,948	(179,948)	-	-	-
VISTA36	1223004	Boys & Girls Club Sidewalk	-	140,378	(140,378)	-	-	-
VISTA39	1223003	Pedestrian Improvements	-	50,649	(50,649)	-	-	-
		Total BPNS - Pass Through	-	370,975	(370,975)	-	-	-
		BPNS:						
SAN40	3300300	<i>TransNet</i> Bike, Ped, Neighborhood	-	20,000	(20,000)	-	-	(a)
SAN81	1143700	Bayshore Bikeway - Main to 32nd	-	(34,807)	-	34,807	-	(a)
SAN93	1143700	Bayshore Bikeway Extension	-	34,807	-	(34,807)	-	(a)
SAN102	1143700	Bayshore Bikeway - Segments 7 & 8	-	106,679	(106,679)	-	-	-
		Total BPNS	-	126,679	(126,679)	-	-	-
		Senior Services - Pass Through:						
LAM27	1270400	La Mesa - Rides4Neighbors	-	118,405	(118,405)	-	-	-
NCTD34	1270100	NCTD - Mobility/Travel Training Program	-	35,407	(35,407)	-	-	-
O21	1270500	Oceanside - Solutions for Seniors on the Go	-	177,150	(177,150)	-	-	-
SAN70	1271000	Jewish Family Services - Rides & Smiles	-	77,914	(77,914)	-	-	-
SAN85	1270200	All Congregations Together - ComLink Transportation	-	115,233	(115,233)	-	-	-
		Subtotal Senior Services - Pass Through	-	524,109	(524,109)	-	-	-
		Subtotal <i>TransNet</i> Extension	-	3,057,046	(3,057,046)	-	-	-

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	
		Balance carried forward	-	3,057,046	(3,057,046)	-	-	
		Senior Services - Pass Through balance carried forward	-	524,109	(524,109)	-	-	
SAN86	1270300	Alpha Project - Senior Transportation Program	-	235,113	(235,113)	-	-	
SAN87	1270700	Elderhelp - Volunteer Driver Program	-	85,289	(85,289)	-	-	
SAN88	1270800	FACT - Reimbursement	-	8,748	(8,748)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	43,237	(43,237)	-	-	
SAN91	1271200	Redwood Elderlink	-	71,271	(71,271)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	105,063	(105,063)	-	-	
		Total Senior Services - Pass Through	-	1,072,830	(1,072,830)	-	-	
SAN40	3320100	Senior Services:	-	42,000	(42,000)	-	-	
		Short Range Transit Svc Activities	-	-	-	-	-	
		Total Senior Services	-	42,000	(42,000)	-	-	
		Smart Growth - Pass Through:						
CHV49	1224013	3rd Ave. Streetscape Implementation	-	191,218	(191,218)	-	-	
CHV52	1224012	Industrial Blvd. Bicycle and Pedestrian Facilities	-	38,813	(38,813)	-	-	
CHV63	1224002	Palomar Gateway Spec Plan	-	82,814	(82,814)	-	-	
LG19	1224008	Lemon Grove Trolley Plaza	-	364,436	(364,436)	-	-	
SD201	1224004	Mid-City SR15 BRT Station Area Planning Study	-	119,019	(119,019)	-	-	
SD202	1224005	Chollas Triangle Master Plan	-	38,717	(38,717)	-	-	
SD203	1224006	Euclid and Market Village Master Plan	-	26,284	(26,284)	-	-	
SD204	1224007	Imperial Ave and Commercial St Corridor Plan	-	28,195	(28,195)	-	-	
		Subtotal Smart Growth - Pass Through	-	889,496	(889,496)	-	-	
		Subtotal TransNet Extension	-	4,537,263	(4,537,263)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	
		Balance carried forward	-	4,537,263	(4,537,263)	-	-	
		Smart Growth - Pass Through balance carried forward	-	889,496	(889,496)	-	-	
		Smart Growth - Pass Through:						
SD205	1224009	Park Blvd/Essex St Pedestrian Crossing and Traffic Calming	-	4,336	(4,336)	-	-	
SD206	1224011	Fourth Ave/Quince Pedestrian Crossing and Traffic Calming	-	9,693	(9,693)	-	-	
SD207	1224014	4th and 5th Ave/Nutmeg Ped Crossing and Traffic Calming	-	9,626	(9,626)	-	-	
		Total Smart Growth - Pass Through	-	913,151	(913,151)	-	-	
		Smart Growth:						
SAN40	3300100	TransNet Smart Growth Incentive Program	-	20,000	(20,000)	-	-	
		Total Smart Growth	-	20,000	(20,000)	-	-	
		Program (EMP) - Pass Through:						
V07	12002xx	Caltrans	-	1,500,250	(1,500,250)	-	-	
		Total Regional EMP - Pass Through	-	1,500,250	(1,500,250)	-	-	
		Environmental Mitigation (EMP):						
V07	12002xx	Biological Mitigation	-	18,109,389	(18,109,389)	-	-	
V08	12003xx	Regional Habitat Conservation Fund	-	2,611,621	(2,611,621)	-	-	
		Total EMP	-	20,721,010	(20,721,010)	-	-	
		Major Corridor - Pass Through:						
CAL09	1200504	Interstate 5 - HOV Managed Lanes	-	6,450,000	(6,450,000)	-	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	-	1,600,000	(1,600,000)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	220,000	(220,000)	-	-	
CAL18	1201502	I-15 Managed Lanes-Middle Segment	-	690,000	(690,000)	-	-	
		Subtotal Major Corridor - Pass Through	-	8,960,000	(8,960,000)	-	-	
		Subtotal TransNet Extension	-	35,762,178	(35,762,178)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	
		Balance carried forward	-	35,762,178	(35,762,178)	-	-	-
		Major Corridor - Pass Through balance carried forward	-	8,960,000	(8,960,000)	-	-	-
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	6,820,994	(6,820,994)	-	-	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	-	6,953,488	(6,953,488)	-	-	-
CAL18B	1201501	I-15 ML-S. Segment and Mira Mesa Transit Center	-	3,973,512	(3,973,512)	-	-	-
		Total CAL18B	-	10,927,000	(10,927,000)	-	-	-
CAL26	1205203	State Route 52 Freeway (E&F)	-	1,529,200	(1,529,200)	-	-	-
CAL26B	1205201	SR 52 HOV/Managed Lanes	-	(236,242)	-	236,242	-	-
CAL26B	1205202	SR 52 Aux Lanes, Truck Lane, and Inside Widening	-	5,229,242	(4,993,000)	(236,242)	-	-
		Total CAL26B	-	4,993,000	(4,993,000)	-	-	-
CAL29	1207602	SR 76 Middle	-	2,610,000	(2,610,000)	-	-	-
CAL29B	1207606	SR 76 East	-	5,200,000	(5,200,000)	-	-	-
CAL38	1390501	SR-905 New Freeway	-	216,000	(216,000)	-	-	-
CAL78B	1280503	I-805 HOV/Managed Lanes - North	-	1,615,000	(1,615,000)	-	-	-
CAL78C	1280501	I-805 HOV/Managed Lanes - South	-	460,000	(460,000)	-	-	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	5,772,000	(5,772,000)	-	-	-
		Total CAL78C	-	6,232,000	(6,232,000)	-	-	-
		Subtotal Major Corridor - Pass Through	-	49,103,194	(49,103,194)	-	-	-
		Subtotal <i>TransNet</i> Extension	-	75,905,372	(75,905,372)	-	-	-

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	
		<i>TransNet</i> Extension balance carried forward	-	\$ 75,905,372	\$ (75,905,372)	-	-	
		Major Corridor - Pass Through balance carried forward	-	49,103,194	(49,103,194)	-	-	
CAL120	1201510	SR 78 Auxiliary Lanes	-	1,300,000	(1,300,000)	-	-	
SAN04	1201504	I-15 Managed Lane/Value Pricing	-	99,700	(99,700)	-	-	
SAN26	1201505	I-15 BRT Transit Stations	-	65,000	(65,000)	-	-	
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	-	370,000	(370,000)	-	-	
SAN47	1280504	South Bay BRT	-	37,423	(37,423)	-	-	
	1200100	<i>TransNet</i> EAP Program Mgmt	-	148,200	(148,200)	-	-	(c)
		Total Major Corridor - Pass Through	-	51,123,517	(51,123,517)	-	-	
		Major Corridor:						
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	185,592	(185,592)	-	-	
CAL09	1200501	I-5 North Coast: 4 Express Lanes	-	1,804,543	(1,804,543)	-	-	
		Total CAL09	-	1,990,135	(1,990,135)	-	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	-	185,529	(185,529)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	225,876	(225,876)	-	-	
		Subtotal Major Corridor	-	2,401,540	(2,401,540)	-	-	
		Subtotal <i>TransNet</i> Extension	-	80,327,235	(80,327,235)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	
		<i>TransNet Extension balance carried forward</i>	-	80,327,235	(80,327,235)	-	-	
		Major Corridor balance carried forward	-	2,401,540	(2,401,540)	-	-	
CAL18	1201502	I-15 Managed Lanes-Middle Segment	-	118,387	(118,387)	-	-	
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	3,406,139	(3,406,139)	-	-	
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	-	1,513,115	(1,513,115)	-	-	
CAL18B	1201501	I-15 Managed Lanes-South Segment	-	828,004	(828,004)	-	-	
		Total CAL18B	-	2,341,119	(2,341,119)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	2,175,299	(2,175,299)	-	-	
CAL26B	1205202	SR 52 Truck Lane	-	30,005	(30,005)	-	-	
CAL29	1207602	SR 76 Middle	-	1,161,559	(1,161,559)	-	-	
CAL29B	1207606	SR 76 East	-	691,025	(691,025)	-	-	
CAL38	1390501	SR-905 New Freeway	-	7,779	(7,779)	-	-	
CAL67	1280508	SR 94 Widening	-	431,476	(431,476)	-	-	
CAL68	1212501	SR94-125 Widening	-	57,846	(57,846)	-	-	
		Subtotal Major Corridor	-	12,822,174	(12,822,174)	-	-	
		Subtotal <i>TransNet Extension</i>	-	90,747,869	(90,747,869)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011	Notes
			\$ -	\$ 90,747,869	\$ (90,747,869)	\$ -	\$ -	
		<i>TransNet Extension balance carried forward</i>	-	-	-	-	-	
		<i>Major Corridor balance carried forward</i>	-	12,822,174	(12,822,174)	-	-	
CAL78B	1280503	I-805 HOV/Managed Lanes - North	-	17,905	(17,905)	-	-	
CAL78C	1280501	I-805 HOV/Managed Lanes - South	-	575,788	(575,788)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	2,833,077	(2,833,077)	-	-	
		Total CAL78C	-	3,408,865	(3,408,865)	-	-	
CAL120	1201510	SR 78 Auxiliary Lanes	-	88,367	(88,367)	-	-	
SAN04	1201504	I-15 Managed Lane/Value Pricing	-	4,044,291	(4,044,291)	-	-	
SAN04	3310400	I-15 Violation Enforcement System Study	-	37,490	(37,490)	-	-	
		Total SAN04	-	4,081,781	(4,081,781)	-	-	
SAN23	1041501	Mid-Coast Corridor Project	-	1,039,523	(1,039,523)	-	-	
SAN26	1201505	I-15 BRT Transit Stations	-	110,762	(110,762)	-	-	
SAN26A	1201508	I-15 BRT Operations and Vehicles	-	1,110,222	(1,110,222)	-	-	
SAN26B	1201509	Downtown BRT Stations	-	526,754	(526,754)	-	-	
SAN26C	1201507	I-15 BRT Transit Stations - South	-	570,693	(570,693)	-	-	
SAN27	1300601	San Ysidro Intermodal Freight Facility	-	118,377	(118,377)	-	-	
SAN27	1300602	South Line Rail Freight Capacity	-	3,239,082	(3,239,082)	-	-	
		Total SAN27	-	3,357,459	(3,357,459)	-	-	
		Subtotal Major Corridor	-	27,134,505	(27,134,505)	-	-	
		Subtotal TransNet Extension	-	105,060,200	(105,060,200)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	
		<i>TransNet Extension balance carried forward</i>	-	105,060,200	(105,060,200)	-	-	
		Major Corridor balance carried forward	-	27,134,505	(27,134,505)	-	-	
SAN29	1239801	Sorrento to Miramar Double Track/Realign	-	1,200,455	(1,200,455)	-	-	
SAN29	1239812	Sorrento to Miramar Phase 2	-	735,122	(735,122)	-	-	
		Total SAN29	-	1,935,577	(1,935,577)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	-	56,440	(56,440)	-	-	
SAN46	1041502	<i>SuperLoop</i>	-	1,309,132	(1,309,132)	-	-	
SAN47	1280509	South Bay Bus Rapid Transit	-	1,345	(1,345)	-	-	
SAN47	1280504	Olay BRT	-	769,062	(769,062)	-	-	
		Total SAN47	-	770,407	(770,407)	-	-	
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	-	348	(348)	-	-	
SAN54	3310501	ATIS SD Region	-	40,570	(40,570)	-	-	
SAN54	3310504	ATIS Corridorwide CVO	-	46,858	(46,858)	-	-	
SAN54	3311100	Regional ITS Program Management	-	46,405	(46,405)	-	-	
SAN54	3311000	ITS Operations	-	1,641,553	(1,641,553)	-	-	
		Total SAN54	-	1,775,734	(1,775,734)	-	-	
SAN64	1239809	Eastbrook to Shell Double Track	-	85,008	(85,008)	-	-	
		Subtotal Major Corridor	-	33,066,803	(33,066,803)	-	-	
		Subtotal <i>TransNet Extension</i>	-	110,992,498	(110,992,498)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status July 1, 2010	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011	Notes
			\$	\$	\$	\$	\$	
		<i>TransNet</i> Extension balance carried forward	-	\$ 110,992,498	\$ (110,992,498)	-	-	
		Major Corridor balance carried forward	-	33,066,803	(33,066,803)	-	-	
SAN66	1210010	Orange and Blue Line Project Management	-	4,311,585	(4,311,585)	-	-	
SAN66	1210020	Blue Line Crossover & Signals	-	12,289	(12,289)	-	-	
SAN66	1210030	Blue Line Station Rehab	-	83,779	(83,779)	-	-	
SAN66	1210050	Blue Line Slope Repair	-	3,087	(3,087)	-	-	
SAN66	1210070	Trolley Station Platforms	-	3,382,446	(3,382,446)	-	-	
		Total SAN66	-	7,793,186	(7,793,186)	-	-	
SAN67	1210080	Low Floor Vehicles	-	574,824	(574,824)	-	-	
SAN68	1280507	Vehicle Assist and Automation/Bus on Shoulder Serv	-	16,892	(16,892)	-	-	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	82,199	(82,199)	-	-	
SAN74	1143300	Escondido Bus Rapid Transit	-	2,010,986	(2,010,986)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	181,486	(181,486)	-	-	
SAN79	1142500	Centralized Train Control	-	767,732	(767,732)	-	-	
SAN79	1143401	TLSP-At Grade Xing	-	15,050	(15,050)	-	-	
		Total SAN79	-	782,782	(782,782)	-	-	
SAN116	1239803	Oceanside Station Stub Tracks	-	471,073	(471,073)	-	-	
SAN117	1239805	Poinsettia Run Through Track	-	39,085	(39,085)	-	-	
		Subtotal Major Corridor	-	45,019,316	(45,019,316)	-	-	
		Subtotal <i>TransNet</i> Extension	-	122,945,011	(122,945,011)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Project Status	Funds	Project Expenditures	Agency	Project Status	Notes
			July 1, 2010	Received	(\$)	Adjustments	June 30, 2011	
		<i>TransNet Extension balance carried forward</i>	\$ -	\$ 122,945,011	\$ (122,945,011)	\$ -	\$ -	
		<i>Major Corridor balance carried forward</i>	-	33,066,803	(33,066,803)	-	-	
SAN119	1239807	Sorrento Valley Double Track	-	210,505	(210,505)	-	-	
SAN120	1239808	Tecolote-Washington Crossovers	-	165,236	(165,236)	-	-	
SAN121	1239804	Carlsbad Double Track	-	94,933	(94,933)	-	-	
SAN123	1143200	University Town Center (UTC) Transit Center	-	466	(466)	-	-	
SAN128	1201512	I-15 BRT Sabre Springs Parking Structure	-	66,071	(66,071)	-	-	
SAN129	1201514	Downtown Layover Facility	-	43,106	(43,106)	-	-	
SAN130	1239810	Carlsbad Village Double Track	-	72,740	(72,740)	-	-	
SAN131	1201511	Mira Mesa Blvd. BRT Priority Treatments	-	131,418	(131,418)	-	-	
SAN132	1239811	Elvira to Morena Double Track	-	42,480	(42,480)	-	-	
SAN149	1239814	Coaster PE	-	53,132	(53,132)	-	-	
		<i>Total Major Corridor</i>	-	33,946,890	(33,946,890)	-	-	
		<i>Total TransNet Extension</i>	-	123,825,098	(123,825,098)	-	-	
		<i>Total TransNet and TransNet Extension</i>	-	125,117,093	(125,117,093)	-	-	

Notes:

- (a) Adjustment made to correct MPO ID on funds received in previous year.
- (b) SANDAG 1% Administration also includes Overall Work Program Planning efforts.
- (c) The budget for *TransNet* EAP Program Mgmt is built into individual capital projects, there is no MPO ID.

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2011

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
TransNet Extension:						
Administration:						
		SANDAG 1% Administration	\$ 6,238,205	\$ (6,238,205)	\$ -	\$ -
		Total Administration	6,238,205	(6,238,205)	-	-
Bike, Pedestrian & Neighborhood						
Safety (BPNS) - Pass Through:						
NC11	1223001	SWater River Bike Path Gap	129,297	(129,297)	-	-
SD191	1224014	Bike Detection at Signalized Intersection/SR-15 Bike Path	47,892	(47,892)	-	-
SM37	1223007	Barham Dr. Urban Trail Improvements	109,892	(109,892)	-	-
SNT30	1223005	Carlton Oaks Dr. Bike Lanes	30,200	(30,200)	-	-
V01	1223002	Inland Rail Trail	20,625	(20,625)	-	-
VISTA36	1223004	Boys & Girls Club Sidewalk	146,844	(146,844)	-	-
VISTA39	1223003	Pedestrian Improvements	50,649	(50,649)	-	-
		Total BPNS - Pass Through	535,399	(535,399)	-	-
BPNS:						
SAN40	3300300	TransNet Bike, Ped, Neighborhood	37,000	(37,000)	-	-
SAN50	3310706	Regional Bicycle Locker Program	15,039	(15,039)	-	-
SAN81	75067/11437	Bayshore Bikeway - Main to 32nd	415,193	(450,000)	34,807	-
SAN93	1143700	Bayshore Bikeway Extension	34,807	-	(34,807)	-
SAN102	75067/11437	Bayshore Bikeway - Segments 7 & 8	196,587	(196,587)	-	-
		Total BPNS	698,626	(698,626)	-	-
		Subtotal TransNet Extension	7,472,230	(7,472,230)	-	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
			\$	\$	\$	\$
		Balance carried forward	\$ 7,472,230	\$ (7,472,230)	-	-
		Senior Services - Pass Through:				
LAM27	1270400	La Mesa - Rides4Neighbors	136,239	(136,239)	-	-
NCTD34	1270100	NCTD - Mobility/Travel Training Program	133,014	(133,014)	-	-
O21	1270500	Oceanside - Solutions for Seniors on the Go	240,299	(240,299)	-	-
SAN70	1271000	Jewish Family Services - Rides & Smiles	189,091	(189,091)	-	-
SAN85	1270200	All Congregations Together - ComLink Transportation	234,748	(234,748)	-	-
SAN86	1270300	Alpha Project - Senior Transportation Program	429,808	(429,808)	-	-
SAN87	1270700	Elderhelp - Volunteer Driver Program	229,879	(229,879)	-	-
SAN89	1270900	Independent Transportation Network San Diego	8,748.00	(8,748)	-	-
SAN88	1270800	FACT - Reimbursement	75,000	(75,000)	-	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	86,543	(86,543)	-	-
SAN91	1271200	Redwood Elderlink	117,006	(117,006)	-	-
SAN92	1271300	Travelers Aid Society - SeniorRide	141,751	(141,751)	-	-
VISTA35	1270600	Out & About Vista	75,847	(75,847)	-	-
		Total Senior Services - Pass Through	2,097,973	(2,097,973)	-	-
		Senior Services:				
SAN40	3320100	Short Range Transit Svc Activities	84,000	(84,000)	-	-
SAN85	3320800	New Freedom Match Pass Through	10,919	(10,919)	-	-
		Total Senior Services	94,919	(94,919)	-	-
		Smart Growth - Pass Through:				
CHV49	1224013	3rd Ave. Streetscape Implementation	451,218	(451,218)	-	-
CHV52	1224012	Industrial Blvd. Bicycle and Pedestrian Facilities	38,813	(38,813)	-	-
CHV63	1224002	Palomar Gateway Spec Plan	127,146	(127,146)	-	-
LG19	1224008	Lemon Grove Trolley Plaza	883,176	(883,176)	-	-
SD201	1224004	Mid-City SR15 BRT Station Area Planning Study	119,019	(119,019)	-	-
		Subtotal Smart Growth - Pass Through	1,619,372	(1,619,372)	-	-
		Subtotal <i>TransNet</i> Extension	11,284,494	(11,284,494)	-	-

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
		Balance carried forward	\$ 11,284,494	\$ (11,284,494)	\$ -	\$ -
		Smart Growth - Pass Through balance carried forward	1,619,372	(1,619,372)	-	-
		Smart Growth - Pass Through:				
SD202	1224005	Chollas Triangle Master Plan	38,717	(38,717)	-	-
SD203	1224006	Euclid and Market Village Master Plan	26,284	(26,284)	-	-
SD204	1224007	Imperial Ave and Commercial St Corridor Plan	28,195	(28,195)	-	-
SD205	1224009	Park Blvd/Essex St Pedestrian Crossing and Traffic Calming	4,336	(4,336)	-	-
SD206	1224011	Fourth Ave/Quince Pedestrian Crossing and Traffic Calming	9,693.00	(9,693)	-	-
SD207	1224014	4th and 5th Ave/Nutmeg Ped Crossing and Traffic Calming	9,626.00	(9,626)	-	-
		Total Smart Growth - Pass Through	1,736,223	(1,736,223)	-	-
SAN40	3300100	Smart Growth: TransNet Smart Growth Incentive Program	70,000	(70,000)	-	-
		Total Smart Growth	70,000	(70,000)	-	-
SAN43A		Transit System Improvements - Pass Through: Reduced Price Subsidy - Pass Through	11,000,000	(11,000,000)	-	-
		Total Transit System Improvements - Pass Through	11,000,000	(11,000,000)	-	-
V07	12002xx	Regional Environmental Mitigation Program (EMP) - Pass Through: Caltrans	31,976,250	(48,099,250)	16,123,000	-
		Total Regional EMP - Pass Through	31,976,250	(48,099,250)	16,123,000	-
V07	12002xx	Environmental Mitigation Program (EMP): Biological Mitigation	43,234,425	(43,733,397)	498,972	-
V08	12003xx	Regional Habitat Conservation Fund	9,102,764	(9,102,764)	-	-
		Total EMP	52,337,189	(52,836,161)	498,972	-
CAL09	1200504	Major Corridor - Pass Through: Interstate 5 - HOV Managed Lanes	18,228,550	(15,753,550)	(2,475,000)	-
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	16,105,455	(20,546,555)	4,441,100	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	12,962,600	(10,386,000)	(2,576,600)	-
CAL18	1201502	I-15 Managed Lanes-Middle Segment	5,726,000	(5,313,800)	(412,200)	-
		Subtotal Major Corridor - Pass Through	53,022,605	(51,999,905)	(1,022,700)	-
		Subtotal TransNet Extension	159,807,389	(175,406,661)	15,599,272	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2011</u>
			<u>\$</u>	<u>\$(175,406,661)</u>	<u>#####</u>	<u>\$</u>
		Balance carried forward	\$ 159,807,389			-
		Major Corridor - Pass Through balance carried forward	53,022,605	(51,999,905)	(1,022,700)	-
		Major Corridor - Pass Through:				
CAL18A	1201503	I-15 Managed Lanes-North Segment	28,750,253	(28,750,253)	-	-
CAL18B	1201501	I-15 ML-S. Segment and Mira Mesa Transit Center	31,523,480	(34,341,480)	2,818,000	-
CAL26	1205203	State Route 52 Freeway (E&F)	61,224,552	(73,144,252)	11,919,700	-
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	32,665,347	(31,150,847)	(1,514,500)	-
CAL26C	1280502/1205203	SR 52 Truck Lane	3,972,833	(3,972,833)	-	-
CAL29	1207602	SR 76 Middle	39,449,029	(17,455,829)	(21,993,200)	-
CAL29B	1207606	SR 76 East	6,735,000	(6,135,000)	(600,000)	-
CAL38	1390501	SR-905 New Freeway	411,000	(411,000)	-	-
CAL78	1280501/1280503	I-805 HOV/Managed Lanes	6,589,411	(6,589,411)	-	-
CAL78B	1280503	I-805 HOV/Managed Lanes - North	4,452,000	(4,452,000)	-	-
CAL78C	1280501	I-805 HOV/Managed Lanes - South	13,132,000	(7,932,000)	(5,200,000)	-
CAL120	1201510	SR 78 Auxiliary Lanes	1,870,000	(1,870,000)	-	-
NCTD16	1230001	North County Transit District	65,304,611	(65,304,611)	-	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	335,000	(319,700)	(15,300)	-
SAN26	1201505	I-15 BRT Transit Stations	190,000	(185,000)	(5,000)	-
SAN26B	1201507	I-15 BRT Downtown Transit Stations	505,000	(505,000)	-	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	310,000	(310,000)	-	-
SAN47	1280504	South Bay BRT	237,423	(237,423)	-	-
SAN75	1201507	I-15 BRT Transit Stations	10,000	(10,000)	-	-
	1200100	TransNet EAP Program Mgmt	364,200	(364,200)	-	-
		Total Major Corridor - Pass Through	354,143,195	(338,020,195)	(16,123,000)	-
		Subtotal TransNet Extension	460,927,979	(461,426,951)	498,972	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO_ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
TransNet Extension balance carried forward			\$ 460,927,979	\$ (461,426,951)	\$ 498,972	\$ -
Major Corridor:						
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	4,353,426	(4,353,426)	-	-
CAL09	1200501	I-5 North Coast: 4 Express Lanes	3,996,976	(3,996,976)	-	-
Total CAL09			8,350,402	(8,350,402)	-	-
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	776,231	(776,231)	-	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	3,946,267	(3,946,267)	-	-
CAL18	1201502	I-15 Managed Lanes-Middle Segment	1,169,169	(1,169,169)	-	-
CAL18A	1201503	I-15 Managed Lanes-North Segment	15,109,042	(15,109,042)	-	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	1,513,115	(1,513,115)	-	-
CAL18B	1201501	I-15 Managed Lanes-South Segment	16,626,415	(16,626,415)	-	-
Total CAL18B			18,139,530	(18,139,530)	-	-
CAL26	1205203	State Route 52 Freeway (E&F)	16,685,243	(16,685,243)	-	-
CAL26A	1205201	SR 52 HOV/Managed Lanes	2,978,559	(2,978,559)	-	-
CAL26B	1205202	SR 52 Truck Lane	315,134	(315,134)	-	-
CAL26C	1205202	SR 52 Truck Lane	(76,122)	73,242	2,880	-
CAL29	1207602	SR 76 Middle	7,135,343	(6,636,371)	(498,972)	-
CAL29B	1207606	SR 76 East	5,484,930	(5,484,930)	-	-
CAL38	1390501	SR-905 New Freeway	845,151	(845,151)	-	-
CAL67	1280508	SR 94 Widening	448,668	(448,668)	-	-
CAL68	1212501	SR94-125 Widening	57,846	(57,846)	-	-
CAL78	1280501/2/3	I-805 HOV/Managed Lanes	4,040,293	(4,037,413)	(2,880)	-
CAL78B	1280501/3	I-805 HOV/Managed Lanes - North	1,403,648	(1,403,648)	-	-
Subtotal Major Corridor			86,809,334	(86,310,362)	(498,972)	-
Subtotal TransNet Extension			547,737,313	(547,737,313)	-	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
			\$	\$	\$	\$
		<i>TransNet</i> Extension balance carried forward	\$ 547,737,313	\$ (547,737,313)	-	-
		Major Corridor balance carried forward	86,809,334	(86,310,362)	(498,972)	-
CAL78C	1280501	I-805 HOV/Managed Lanes - South	7,474,520	(7,474,520)	-	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	2,904,660	(2,904,660)	-	-
		Total CAL78C	10,379,180	(10,379,180)	-	-
CAL120	1201510	SR 78 Auxiliary Lanes	158,810	(158,810)	-	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	16,746,758	(16,746,758)	-	-
SAN04	3310400	I-15 Violation Enforcement System Study	37,490	(37,490)	-	-
		Total SAN04	16,784,248	(16,784,248)	-	-
SAN22	1145700	Automated Fare Collection	7,300,000	(7,300,000)	-	-
SAN23	1041501	Mid-Coast Corridor Project	1,103,708	(1,004,035)	(99,673)	-
SAN26	1201505	I-15 BRT Transit Stations	1,880,322	(1,880,322)	-	-
SAN26A	1201508	I-15 BRT Operations and Vehicles	2,477,401	(2,477,401)	-	-
SAN26B	1201509	Downtown BRT Stations	526,754	(526,754)	-	-
SAN26C	1201507	I-15 BRT Transit Stations - South	1,967,486	(1,967,486)	-	-
SAN27	1300601	San Ysidro Intermodal Freight Facility	265,553	(265,553)	-	-
SAN27	1300602	South Line Rail Freight Capacity	4,589,006	(4,589,006)	-	-
		Total SAN27	4,854,559	(4,854,559)	-	-
SAN29	1239801	Sorrento to Miramar Double Track/Realign	1,200,455	(1,200,455)	-	-
SAN29	1239812	Sorrento to Miramar Phase 2	735,122	(735,122)	-	-
		Total SAN29	1,935,577	(1,935,577)	-	-
		Subtotal Major Corridor	136,177,379	(135,578,734)	(598,645)	-
		Subtotal <i>TransNet</i> Extension	597,105,358	(597,005,685)	(99,673)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

<u>MPO_ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2011</u>
		<i>TransNet</i> Extension balance carried forward	\$ 597,105,358	\$ (597,005,685)	\$ (99,673)	\$ -
		Major Corridor balance carried forward	136,177,379	(135,578,734)	(598,645)	-
SAN30	1239813	San Diego Lagoon Double Track and Platform	56,440	(56,440)	-	-
SAN31	1142300	Escondido Maintenance Facility	1,983,496	(1,983,496)	-	-
SAN46	1041502	<i>SuperLoop</i>	13,710,545	(13,710,545)	-	-
SAN47	1280509	South Bay Bus Rapid Transit	1,345	(1,345)	-	-
SAN47	1280504	Otay BRT	6,513,118	(6,513,118)	-	-
		Total SAN47	6,514,463	(6,514,463)	-	-
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	348	(348)	-	-
SAN54	3310501	ATIS SD Region	40,570	(40,570)	-	-
SAN54	3310504	ATIS Corridorwide CVO	46,858	(46,858)	-	-
SAN54	3311100	Regional ITS Program Management	46,405	(46,405)	-	-
SAN54	3311000	ITS Operations	2,302,611	(2,302,611)	-	-
		Total SAN54	2,436,792	(2,436,792)	-	-
SAN64	1239809	Eastbrook to Shell Double Track	85,008	(85,008)	-	-
SAN66	1210010	Orange and Blue Line Project Management	6,693,146	(6,693,146)	-	-
SAN66	1210020	Blue Line Crossover & Signals	12,305	(12,305)	-	-
SAN66	1210030	Blue Line Station Rehab	83,779	(83,779)	-	-
SAN66	1210050	Blue Line Slope Repair	3,087	(3,087)	-	-
SAN66	1210070	Trolley Station Platforms	5,374,183	(5,374,183)	-	-
		Total SAN66	12,166,500	(12,166,500)	-	-
		Subtotal Major Corridor	173,130,623	(172,531,978)	(598,645)	-
		Subtotal <i>TransNet</i> Extension	\$ 634,058,602	\$ (633,958,929)	\$ (99,673)	\$ -

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2011
		<i>TransNet</i> Extension balance carried forward	\$ 634,058,602	\$ (633,958,929)	\$ (99,673)	\$ -
		Major Corridor balance carried forward	173,130,623	(172,531,978)	(598,645)	-
SAN67	1210080	Blue Line Vehicles	44,092,207	(44,092,207)	-	-
SAN68	1280507	Vehicle Assist and Automation/Bus on Shoulder Serv	208,865	(208,865)	-	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	157,722	(157,722)	-	-
SAN74	1143300	Escondido Bus Rapid Transit	3,921,070	(3,921,070)	-	-
SAN75	1201507	I-15 BRT Transit	35,151	(35,151)	-	-
SAN76	1220001	Orange Line Upgrade	6,895	(6,895)	-	-
SAN78	1240001	Mid-City Rapid Bus	1,637,974	(1,637,974)	-	-
SAN79	1142500	Centralized Train Control	2,341,486	(2,341,486)	-	-
SAN79	1143401	TLSP-At Grade Xing	44,375	(44,375)	-	-
		Total SAN79	2,385,861	(2,385,861)	-	-
SAN116	1239803	Oceanside Station Stub Tracks	779,954	(779,954)	-	-
SAN117	1239805	Poinsettia Run Through Track	333,738	(333,738)	-	-
SAN119	1239807	Sorrento Valley Double Track	704,707	(704,707)	-	-
SAN120	1239808	Tecolote-Washington Crossovers	338,461	(338,461)	-	-
SAN121	1239804	Carlsbad Double Track	174,031	(174,031)	-	-
SAN123	1143200	University Town Center (UTC) Transit Center	5,357	(5,357)	-	-
SAN128	1201512	I-15 BRT Sabre Springs Parking Structure	66,071	(66,071)	-	-
SAN129	1201514	Downtown Layover Facility	43,106	(43,106)	-	-
SAN130	1239810	Carlsbad Village Double Track	72,740	(72,740)	-	-
SAN131	1201511	Mira Mesa Blvd. BRT Priority Treatments	131,418	(131,418)	-	-
SAN132	1239811	Elvira to Morena Double Track	42,480	(42,480)	-	-
SAN149	1239814	Coaster PE	53,132	(53,132)	-	-
	1046500	Nobel Drive Coaster Station	412	(412)	-	-
		Sorrento Valley Coaster Station	351	(351)	-	-
		Total Major Corridor	228,322,326	(227,723,681)	(598,645)	-
		Total <i>TransNet</i> Extension	\$ 689,250,305	\$ (689,150,632)	\$ (99,673)	\$ -