

CALTRANS

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

Year Ended June 30, 2015

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

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

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, 2015. 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 *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

Results: Per discussion with Caltrans Management, *TransNet* revenues and expenditures are not recorded in a separate fund, but are part of the State

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

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

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

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number
 - a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified recipient agency of any variations and obtained approval 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	\$ 61,860,983
<i>TransNet</i> revenue recorded by Caltrans	<u>96,210,851</u>
Variance	<u>\$(34,349,868)</u>

The variance was a result of the following:

Paid by SANDAG in 2014 but received by Caltrans in 2015	\$(32,523,100)
Not included in ProjectTrak	(1,068,000)
Refund of excess land sales	<u>(758,768)</u>
Variance	<u>\$(34,349,868)</u>

- e. We identified the interest income reported for the year ended June 30, 2015.
 - i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: This procedure is not applicable as there was no interest income reported on Schedule A.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: In accordance with the Governor's budget, Caltrans has no authority to disburse funds deposited in the State Highway Account, as that money is defined for a special purpose through the legislative process. An absence of such authority means that Caltrans cannot disburse funds and the Department of Finance has no authority to pay interest on advanced deposits. SANDAG has accepted this practice in the past, thus no exceptions were noted as a result of our procedures.
- f. We identified the total *TransNet* expenditures for the year ended June 30, 2015.
 - i. We reviewed the total project expenditures per Schedule A and agreed to *TransNet's* general ledger.

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

Results: Caltrans recorded total *TransNet* expenditures in the amount of \$73,647,781. We selected \$21,767,058 (29.56%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: Indirect costs are allocated to RTIP projects at a rate of 73.74% of direct labor costs associated with each project. Caltrans' indirect cost plan has been reviewed by the State of California Department of Finance and the Federal Highway Administration. The indirect cost plan is reviewed and updated by Caltrans on an annual basis. The indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

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

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

Results: There were no completed projects during the year ended June 30, 2015. No exceptions were noted as a result of our procedures related to prior year completed projects.

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

Results: This procedure is not applicable as there were no completed project balances requiring movement to a *TransNet*-eligible project.

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

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

- j. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

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

- l. We obtained approval from SANDAG staff for reason of inactivity.

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

- m. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

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

Results: This procedure is not applicable as Caltrans had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

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

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

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

8. 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 staff.

Results: This procedure is not applicable as there were no commercial paper or bonds outstanding as of June 30, 2015.

9. 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.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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

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

Dennis J. W. W.P.

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: SANDAG, Caltrans, San Diego County Metropolitan Transit System, North County Transit District, County of San Diego, and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID/ Project Number	Project Name	Project Status June 30, 2014	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2015	Notes
TransNet:								
Highways:								
CAL26	Route 52	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	
CAL31	Route 54/125	565,678	-	-	-	-	565,678	(a)
CAL31	SR-125 8 Lane Freeway	1,861,198	-	-	(30)	(1)	1,861,167	(b)
	Total CAL 31 Projects	2,426,876	-	-	(30)	(1)	2,426,845	(b)
	Total Highways	2,440,740	-	-	(30)	(1)	2,440,709	
	Total <i>TransNet</i>	\$ 2,440,740	\$ -	\$ -	\$ (30)	\$ (1)	\$ 2,440,709	
TransNet Extension:								
Major Corridor:								
CAL09	I-5 North Coast	\$ (6,470,286)	\$ 27,503,000	\$ -	\$ (23,276,744)	\$ -	\$ (2,244,030)	(c)
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	(3,269,989)	4,081,000	-	(702,190)	-	108,821	
CAL09 C	I-805 HOV / Carroll Canyon DAR	(4,501,779)	7,123,000	-	(2,334,779)	(1)	286,441	(b)
CAL18	I-15 Managed Lanes - Middle Segment	(467,114)	526,791	-	(22,527)	-	37,150	
CAL18 A	I-15 Managed Lanes - North Segment	(1,723,991)	1,905,500	-	(302,173)	1	(120,663)	(b) (c)
CAL18 B	I-15 Managed Lanes - South Segment	231,781	2,419,400	-	(2,383,569)	-	267,612	
CAL26	SR 52 Freeway E&F	3,540,765	(2,996,950)	-	(424,573)	-	119,242	
CAL29	SR 76 Middle	7,117,060	(5,846,107)	-	(1,335,388)	-	(64,435)	(c)
	Subtotal Major Corridor	(5,543,553)	34,715,634	-	(30,781,943)	-	(1,609,862)	

SCHEDULE A

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID/ Project Number	Project Name	Project Status June 30, 2014	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2015	Notes
	Balance carried forward	\$ (5,543,553)	\$ 34,715,634	\$ -	\$(30,781,943)	\$ -	\$ (1,609,862)	
CAL29 B	SR 76 East	(3,136,665)	8,561,143	-	(1,137,887)	(1)	4,286,590	(b)
CAL38	SR-905 New Freeway	(53,573)	(13,792)	-	62,209	-	(5,156)	(c) (d)
CAL67	SR-94 HOV Lanes (I-805 to Downtown)	(361,063)	2,458,000	-	(2,093,167)	1	3,771	(b)
CAL68	94/125	-	-	-	(28,090)	-	(28,090)	(c)
CAL75	I-5 Genesee	(32,461)	792,000	-	(1,096,042)	-	(336,503)	(c)
CAL77	I-5/8 Connectors	(16,491)	1,268,000	-	(1,033,311)	-	218,198	
CAL78 B	I-805 North	(70,274)	413,000	-	(467,805)	-	(125,079)	(c)
CAL78 C	I-805 South	(8,716,823)	30,458,466	-	(25,534,196)	-	(3,792,553)	(c)
CAL114	I-5/56 Interchange	(59,842)	80,000	-	(66,184)	1	(46,025)	(b) (c)
CAL120	Aux / Nordahl	(217,304)	(174,000)	-	378,480	1	(12,823)	(b)(c)(d)
CAL277	I-15/ SR-78 HOV Connectors	(62,838)	330,000	-	(254,193)	-	12,969	
CAL278	SR-78 HOV / Managed Lanes	(150,262)	496,000	-	(329,511)	-	16,227	
CAL325	SR-125/905/11 Connectors	(731,370)	1,098,000	-	(363,853)	-	2,777	
CAL369	I-5 Voigt	-	6,000	-	(32,832)	-	(26,832)	(c)
SAN04	I-15 FastTrack	(8,424)	12,800	-	(4,870)	-	(494)	(c)
SAN23	Mid-Coast LRT	(158,724)	175,000	-	(184,152)	(1)	(167,877)	(b) (c)
SAN26	I-15 BRT Stations - North	(32,029)	74,700	-	(86,619)	(1)	(43,949)	(b) (c)
SAN26 C	I-15 BRT Stations - South	(3,530)	456,700	-	(660,504)	-	(207,334)	(c)
SAN47	I-805 BRT	(195,174)	751,000	-	(497,376)	1	58,451	(b)
SAN146	805 Imperial BRT Station	(18,784)	37,200	-	(25,881)	-	(7,465)	(c)
1200100	Program Office	44	-	-	-	-	44	(e)
	Total Major Corridor	(19,569,140)	81,995,851	-	(64,237,727)	1	(1,811,015)	

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID/ Project Number	Project Name	Project Status June 30, 2014	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2015	Notes
Major Corridor Environmental: Mitigation Program (MC EMP):								
CAL29	SR 76 Middle	\$ (6,200,301)	\$ 5,966,000	\$ -	\$ 234,301	\$ -	\$ -	(f)
CAL29 B	SR 76 East	-	4,450,000	-	(6,034,000)	-	(1,584,000)	(c)
V07	Mitigation Program	<u>713,835</u>	<u>2,800,000</u>	<u>-</u>	<u>(3,046,375)</u>	<u>-</u>	<u>467,460</u>	
	Total MC EMP	<u>(5,486,466)</u>	<u>13,216,000</u>	<u>-</u>	<u>(8,846,074)</u>	<u>-</u>	<u>(1,116,540)</u>	
TransNet BPNS Program:								
CAL330	SR-15 Bike Path	<u>(473,220)</u>	<u>999,000</u>	<u>-</u>	<u>(563,950)</u>	<u>-</u>	<u>(38,170)</u>	(c) (g)
	Total <i>TransNet</i> BPNS Program	<u>(473,220)</u>	<u>999,000</u>	<u>-</u>	<u>(563,950)</u>	<u>-</u>	<u>(38,170)</u>	
	Total <i>TransNet</i> Extension	<u>\$ (25,528,826)</u>	<u>\$ 96,210,851</u>	<u>\$ -</u>	<u>\$ (73,647,751)</u>	<u>\$ 1</u>	<u>\$ (2,965,725)</u>	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ (23,088,086)</u>	<u>\$ 96,210,851</u>	<u>\$ -</u>	<u>\$ (73,647,781)</u>	<u>\$ -</u>	<u>\$ (525,016)</u>	

Notes:

- (a) All projects related to CAL 31 are in the final vouchering process and the goal is to close them during FY16.
- (b) Adjustments are due to rounding.
- (c) The negative project ending balance will be removed with the next invoice to SANDAG in FY16.
- (d) A transfer was made to move expenditures from *TransNet* MC funds to other funds to balance the budget of each.
- (e) Additional expenditures and receivables will occur in FY16.
- (f) CAL 29 is funded with both Major Corridor (MC) and MC Mitigation (EMP MC) funds. An adjustment of \$234,301 moved expenditures reported as EMP MC and moved them to MC.
- (g) All prior reports listed the MPO ID as SD191/SAN21. The MPO ID has changed to CAL 330 but the past reports have not reflected that change.

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:					
Major Corridor:					
CAL09	I-5 North Coast	\$ 52,182,478	\$ -	\$ (54,426,508)	\$ (2,244,030)
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	18,388,455	-	(18,279,634)	108,821
CAL09 C	I-805 HOV / Carroll Canyon DAR	25,099,999	-	(24,813,558)	286,441
CAL18	I-15 Managed Lanes - Middle Segment	29,369,094	-	(29,331,944)	37,150
CAL18 A	I-15 Managed Lanes - North Segment	19,900,100	-	(20,020,763)	(120,663)
CAL18 B	I-15 Managed Lanes - South Segment	48,286,110	-	(48,018,498)	267,612
CAL26	SR 52 Freeway E&F	48,625,399	-	(48,506,158)	119,241
CAL29	SR 76 Middle	37,651,893	-	(37,716,328)	(64,435)
CAL29 B	SR 76 East	34,687,143	-	(30,400,553)	4,286,590
CAL38	SR-905 New Freeway	835,208	-	(840,364)	(5,156)
CAL67	SR-94 HOV Lanes (I-805 to Downtown)	7,925,000	-	(7,921,229)	3,771
CAL68	94/125	-	-	(28,090)	(28,090)
CAL75	I-5 Genesee	3,151,000	-	(3,487,503)	(336,503)
CAL77	I-5/8 Connectors	1,268,000	-	(1,049,802)	218,198
CAL78 B	I-805 North	8,824,604	-	(8,949,683)	(125,079)
CAL78 C	I-805 South	90,673,590	-	(94,466,142)	(3,792,552)
CAL114	I-5/56 Interchange	281,000	-	(327,025)	(46,025)
CAL120	Aux / Nordahl	10,163,000	-	(10,175,823)	(12,823)
CAL277	I-15/ SR-78 HOV Connectors	824,000	-	(811,031)	12,969
CAL278	SR-78 HOV / Managed Lanes	1,393,000	-	(1,376,773)	16,227
CAL325	SR-125/905/11 Connectors	2,614,000	-	(2,611,223)	2,777
CAL369	I-5 Voigt	6,000	-	(32,832)	(26,832)
SAN04	I-15 FastTrack	553,400	-	(553,894)	(494)
SAN 23	Mid-Coast LRT	175,000	-	(342,877)	(167,877)
SAN26	I-15 BRT Stations - North	850,700	-	(894,649)	(43,949)
SAN26 C	I-15 BRT Stations - South	3,074,700	-	(3,282,034)	(207,334)
SAN47	I-805 BRT	2,383,423	-	(2,324,972)	58,451
SAN146	805 Imperial BRT Station	44,800	-	(52,265)	(7,465)
1200100	Program Office	222,000	-	(221,956)	44
Total Major Corridor		\$ 449,453,096	\$ -	\$(451,264,111)	\$ (1,811,015)

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
Major Corridor Environmental Mitigation Program (MC EMP):					
CAL 29	SR 76 Middle	\$ 5,966,000	\$ -	\$ (5,966,000)	\$ -
CAL 29 B	SR 76 East	4,450,000	-	(6,034,000)	(1,584,000)
V07	Mitigation Program	<u>46,327,885</u>	<u>-</u>	<u>(45,860,425)</u>	<u>467,460</u>
	Total MC EMP	<u>56,743,885</u>	<u>-</u>	<u>(57,860,425)</u>	<u>(1,116,540)</u>
<i>TransNet</i> BPNS Program:					
CAL 330	SR-15 Bike Path	<u>1,349,000</u>	<u>-</u>	<u>(1,387,170)</u>	<u>(38,170)</u>
	Total <i>TransNet</i> BPNS Program	<u>1,349,000</u>	<u>-</u>	<u>(1,387,170)</u>	<u>(38,170)</u>
	Subtotal Cumulative <i>TransNet</i> Extension	<u>507,545,981</u>	<u>-</u>	<u>(510,511,706)</u>	<u>(2,965,725)</u>
Completed Projects					
	Major Corridor	38,132,370	-	(38,132,370)	-
	<i>TransNet</i> Local Program	<u>3,093,119</u>	<u>-</u>	<u>(3,093,119)</u>	<u>-</u>
	Total Completed Projects	<u>41,225,489</u>	<u>-</u>	<u>(41,225,489)</u>	<u>-</u>
	Total Cumulative <i>TransNet</i> Extension	<u>\$ 548,771,470</u>	<u>\$ -</u>	<u>\$ (551,737,195)</u>	<u>\$ (2,965,725)</u>

CITY OF CARLSBAD, CALIFORNIA

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

Year Ended June 30, 2015

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

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

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

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

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

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

f. We identified the total *TransNet* expenditures for the fiscal year.

i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$2,820,063. We selected \$857,439 (30.40%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2015. The City's indirect cost plan has not been reviewed by a cognizant agency. The City allocates costs out of the various departments and into capital projects by using the Engineering time directly charged to a project as the cost basis, and multiplying it by a set percentage associated with each department. The City's indirect cost plan was last updated during the fiscal year ended June 30, 2013, and the new plan is currently being reviewed to cover the next two fiscal

years. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

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

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

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

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

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

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- I. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

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

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

Results: This procedure is not applicable as there were no completed projects reported on the prior year's Schedule A.

8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt

service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

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

Fiscal year 2015 apportionment	\$2,677,717
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,677,717
30% base	<u>30%</u>
Fiscal year 2015 30% threshold	<u>803,315</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(241,939)
Maintenance fund balance	<u>(101,215)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(343,154)</u>
Fund balance under apportionment	<u>\$1,146,469</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(241,939)	\$ 9,540,052	\$9,298,113
Maintenance	<u>(101,215)</u>	<u>7,199,502</u>	<u>7,098,287</u>
Totals	<u>\$(343,154)</u>	<u>\$16,739,554</u>	<u>\$16,396,400</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 0.64% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$7,506,809	\$ 9,087,260	\$16,594,069
Maintenance	54,638	7,031,012	7,085,650
Interest	<u>54,392</u>	<u>621,282</u>	<u>675,674</u>
 Total local street and road revenue	 <u>\$7,615,839</u>	 <u>\$16,739,554</u>	 <u>\$24,355,393</u>
 30% of total local street and road revenue			 7,306,618
Less maintenance expenditures incurred to date			<u>155,925</u>
 Available maintenance funds			 <u>\$ 7,150,693</u>
 Cumulative percentage expended for maintenance			 <u>0.64%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2015, divided by General fund revenues as of June 30, 2012	<u>\$138,678,753</u>	<u>112,382,688</u>	<u>1.23</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.23.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$4,897,196
Growth rate	<u>1.23</u>
Adjusted MOE base as of June 30, 2015	<u>\$6,023,551</u>

- 13. We reviewed the MOE requirement.
 - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$8,614,360
Less MOE base year requirement	<u>(4,897,196)</u>
Excess MOE for the year ended June 30, 2015	<u>\$3,717,164</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on September 10, 2015.

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

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

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

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

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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.

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

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.

Daniel Zam LP

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SAN54	N/A	Regional Arterial Management Systems	\$ -	\$ 11,700	\$ -	\$ (11,700)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	11,700	-	(11,700)	-	-	
Congestion Relief:									
	3420000								
CB04A	39572	ECR Widening - Tamarack to Chestnut	4,789	650,000	-	(1,089,697)	-	(434,908)	(a)
CB20	60011	Pavement Management - Overlay	(784,663)	700,000	-	(1,226,857)	-	(1,311,520)	(a) (b)
CB36	60311	Carlsbad Blvd Realignment	1,564,231	-	3,694	(63,440)	4	1,504,489	(c)
		Total Congestion Relief	784,357	1,350,000	3,694	(2,379,994)	4	(241,939)	
Maintenance:									
CB17	60143	Carlsbad Blvd Bridge - Powerplant	(177)	-	-	(8,989)	-	(9,166)	(a)
CB18	60163	Carlsbad Blvd Bridge - Railroad	22,295	-	5	(113,032)	-	(90,732)	(a)
CB43	60491	ADA Improvements	-	-	-	(1,317)	-	(1,317)	(a)
		Total Maintenance	22,118	-	5	(123,338)	-	(101,215)	
		Total Local Street Improvements	806,475	1,361,700	3,699	(2,515,032)	4	(343,154)	
Bikes and Pedestrian:									
V12/CB39	60461	Carlsbad Active Transp. Strategies Plan	(30,116)	128,214	-	(98,094)	(4)	-	(c) (d)
V12/CB40	60471	Active Village Campaign	-	183,492	-	(204,255)	-	(20,763)	(e)
V12/CB41	40122	Coastal Rail Trail, Reach 1	(130,804)	133,486	-	(2,682)	-	-	(d)
V12/CB42	60481	Bike the Village-Bike Racks	(33,000)	33,000	-	-	-	-	(d)
		Total Bikes and Pedestrian	(193,920)	478,192	-	(305,031)	(4)	(20,763)	

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
	0013225	Environmental Mitigation:							
V08	5001324	Calavera Preserve Planning Area	\$ (22,089)	\$ 22,089	\$ -	\$ -	\$ -	\$ -	(d)
		Total Environmental Mitigation	(22,089)	22,089	-	-	-	-	
		Subtotal <i>TransNet</i> Extension	590,466	1,861,981	3,699	(2,820,063)	-	(363,917)	
		GASB 31 Market Value Adjustment	(14,405)	-	(1,477)	-	-	(15,882)	
		Total <i>TransNet</i> Extension	\$ 576,061	\$ 1,861,981	\$ 2,222	\$ (2,820,063)	\$ -	\$ (379,799)	

Notes:

- (a) Due to the revision of the City's *TransNet* drawdown policy to comply with SANDAG Board Policy No. 031, Section IV, Local Agency Balance Limitations (30% Rule), funds can only be drawn down when the City's cash balance falls below the 30% threshold. Currently, the Carlsbad Boulevard Realignment project has a large positive cash balance. In order to comply with SANDAG policy, several other LSI projects must be in a negative cash balance position in order for the City to stay below the 30% threshold.
- (b) The Pavement Management - Overlay project has a large negative balance at the end of FY 15 because several large invoices were paid at the end of the fiscal year. Allocations from SANDAG were not requested and processed until the beginning of FY 16.
- (c) City adjustment of \$4 was made between the Carlsbad Active Transportation Strategies Plan and the Carlsbad Blvd Realignment projects in FY 15. In FY 14, \$4 of interest income was incorrectly applied to the Carlsbad Active Transportation Strategies Plan, which is a reimbursable grant and never carries a positive cash balance.
- (d) Project was completed and closed out during FY 15.
- (e) The negative balance on the Active Village Campaign represents retention amounts held by SANDAG, which will be paid upon the completion of the project in FY 16.

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through						
SAN54	N/A	Regional Arterial Management Systems	\$ 35,100	\$ -	\$ (35,100)	\$ -
Total Congestion Relief-Pass Through			35,100	-	(35,100)	-
Congestion Relief:						
	<u>342000</u>					
CB04A	39572	ECR Widening - Tamarack to Chestnut	765,000	37,070	(1,236,978)	(434,908)
CB20	60011	Pavement Management - Overlay	3,706,709	2,721	(5,020,950)	(1,311,520)
CB36	60311	Carlsbad Blvd Realignment	3,000,000	14,529	(1,510,040)	1,504,489
Total Congestion Relief			7,471,709	54,320	(7,767,968)	(241,939)
Maintenance:						
CB17	60143	Carlsbad Blvd Bridge-Powerplant	4,638	55	(13,859)	(9,166)
CB18	60163	Carlsbad Blvd Bridge - Railroad	50,000	17	(140,749)	(90,732)
CB43	60491	ADA Improvements	-	-	(1,317)	(1,317)
Total Maintenance			54,638	72	(155,925)	(101,215)
Total Local Street Improvements			7,561,447	54,392	(7,958,993)	(343,154)
Bikes and Pedestrian:						
	<u>3420000</u>					
V12/CB39	60461	Carlsbad Active Transp. Strategies Plan	150,000	-	(150,000)	-
V12/CB40	60471	Active Village Campaign	183,492	-	(204,255)	(20,763)
V12/CB41	40122	Coastal Rail Trail, Reach 1	133,486	-	(133,486)	-
V12/CB42	60481	Bike the Village-Bike Racks	33,000	-	(33,000)	-
Total Bikes and Pedestrian			499,978	-	(520,741)	(20,763)

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
	<u>0013225</u>	Environmental Mitigation:				
V08	5001324	Calavera Preserve Planning Area	<u>286,667</u>	-	<u>(286,667)</u>	-
		Total Environmental Mitigation	<u>286,667</u>	-	<u>(286,667)</u>	-
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 8,348,092</u>	<u>\$ 54,392</u>	<u>\$ (8,766,401)</u>	<u>\$ (363,917)</u>

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 411,986	\$ 36,227	\$ (452,375)	\$ 4,162	\$ -	\$ 221,084
For Fiscal Year ended June 30, 2010	June 30, 2017	514,405	47,267	(561,672)	-	-	561,672
For Fiscal Year ended June 30, 2011	June 30, 2018	580,843	32,057	(612,900)	-	-	612,900
For Fiscal Year ended June 30, 2012	June 30, 2019	934,358	35,309	(915,678)	-	53,989	969,071
For Fiscal Year ended June 30, 2013	June 30, 2020	696,114	23,829	-	-	719,943	711,997
For Fiscal Year ended June 30, 2014	June 30, 2021	353,442	7,757	-	-	361,199	357,213
For Fiscal Year ended June 30, 2015	June 30, 2022	<u>623,822</u>	<u>6,962</u>	<u>-</u>	<u>-</u>	<u>630,784</u>	<u>-</u>
Total RTCIP Funds		<u>\$ 4,114,970</u>	<u>\$ 189,408</u>	<u>\$ (2,542,625)</u>	<u>\$ 4,162</u>	<u>\$ 1,765,915</u>	<u>\$ 3,433,937</u>

CITY OF CHULA VISTA, CALIFORNIA

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

Year Ended June 30, 2015

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

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

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

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

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

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

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$8,598,898. We selected \$3,116,592 (36.24%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2015. The City's indirect cost plan has not been reviewed by a cognizant agency. The City allocates costs out of the various departments and into capital projects by using the Engineering time directly charged to a project as the cost basis, and multiplying the hours worked by the City's fully-burdened hourly rate. The City's indirect cost plan was last updated during the fiscal year ended June 30, 2012, and the methodology was last reviewed by its internal auditors during the

fiscal year ended June 30, 2010. Although the indirect cost plan is starting to become dated, the City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

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

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

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

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

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

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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.

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

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

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

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

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

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

- 8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule

showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is not in compliance with the 30% requirement as follows:

Fiscal year 2015 apportionment	\$5,522,360
Less: debt service payment	<u> -</u>
Net estimated apportionment	5,522,360
30% base	<u> 30%</u>
Fiscal year 2015 30% threshold	<u>1,656,708</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	2,358,258
Maintenance fund balance	<u>881,698</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>3,239,956</u>
Fund balance (over) apportionment	<u><u>\$(1,583,248)</u></u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$2,358,258	\$3,325,526	\$ 5,683,784
Maintenance	<u>881,698</u>	<u>5,188,912</u>	<u>6,070,610</u>
Totals	<u>\$3,239,956</u>	<u>\$8,514,438</u>	<u>\$11,754,394</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 15.85% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$23,569,178	\$2,941,901	\$26,511,079
Maintenance	7,094,058	5,039,365	12,133,423
Interest	<u>29,101</u>	<u>533,172</u>	<u>562,273</u>
 Total local street and road revenue	 <u>\$30,692,337</u>	 <u>\$8,514,438</u>	 <u>\$39,206,775</u>
 30% total local street and road revenue			 11,762,033
Less maintenance expenditures incurred to date			 <u>(6,213,579)</u>
 Available maintenance funds			 <u>\$ 5,548,454</u>
 Cumulative percentage expended for maintenance			 <u>15.85%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
 - i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$130,665,444</u>	<u>\$112,074,369</u>	<u>1.17</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.17.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,999,670
Growth rate	<u>1.17</u>
Adjusted MOE base as of June 30, 2015	<u>\$3,509,614</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$4,257,237
Less MOE base year requirement	<u>(2,999,670)</u>
Excess MOE for the year ended June 30, 2015	<u>\$1,257,567</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total expenditures in the amount of \$7,400. We selected \$7,331 (99.06%) for testing. No exceptions were noted as a result of our procedures.

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

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

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

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

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

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet*

Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 5, 2015.

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

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

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

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

- 16. 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.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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

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.

Davis Firm LLP

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet:									
Local Streets and Roads:									
CHV06	STL316	Pavement Rehabilitation	\$ 745,973	\$ -	\$ -	\$ -	\$ (745,973)	\$ -	(a)
CHV33	TF345	School Zone Traffic Calming	(57,709)	-	-	-	57,709	-	(b)
CHV41	TF358	West Side Transportation DIF	193,689	-	-	-	(193,689)	-	(c) (d)
CHV44	TF356	Otay Mesa Transportation System	12,428	-	-	-	(12,428)	-	
CHV50	DR180	Emerg. Storm Drain Replacement	477,315	-	-	(12,099)	(465,216)	-	(e) (d)
Total Local Streets and Roads			1,371,696	-	-	(12,099)	(1,359,597)	-	
Total <i>TransNet</i>			\$ 1,371,696	\$ -	\$ -	(12,099)	\$ (1,359,597)	\$ -	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
CHV08	STL261	Willow Street Bridge Widening	\$ 75,000	\$ -	\$ -	\$ (73,505)	\$ -	\$ 1,495	
CHV18	STL291	Fourth Ave Sidewalk Improvement	18,479	-	-	-	(18,479)	-	(f) (d)
CHV20	STM370	North Fourth Avenue Widening	70	-	-	-	(70)	-	(g)
CHV30	STM361	15 Multi-Modal Corridor Imprv. Study	9,015	25,000	-	(48,500)	14,485	-	(a)
CHV39	TF350	Traffic Signal System Optimization	(32,240)	165,500	-	(170,613)	37,353	-	(a) (g)
CHV40	STL337	Bayshore Bikeway Segment 7 & 8	10,730	-	-	-	(10,730)	-	(g)
CHV43	TF354	Traffic Congestion Relief Program	(51,456)	100,000	-	(74,718)	26,174	-	(a) (c)
CHV44	TF344	I 805 Direct Access Ramp E H and E Palomar	5,417	45,000	-	(50,800)	383	-	(a)
CHV44	TF356	Otay Mesa Transportation System	-	-	-	(4,376)	12,428	8,052	
CHV44	TF359	SR 54 Corridor Imprv. Arterial Ops.	(253)	253	-	-	-	-	(d)
Total CHV44 Projects			5,164	45,253	-	(55,176)	12,811	8,052	
Subtotal Congestion Relief			34,762	335,753	-	(422,512)	61,544	9,547	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
		Balance Carried Forward	\$ 34,762	\$ 335,753	\$ -	\$ (422,512)	\$ 61,544	\$ 9,547	
CHV48	STL357	Pavement Major Rehabilitation Prop 1B	(6,067)	6,317	-	(250)	-	-	
CHV48	STL371	Major Pavement Rehabilitation	(6,153)	6,153	-	-	-	-	
CHV48	STL372	Pavement Major Rehabilitation FY11-12	(728)	728	-	-	-	-	
CHV48	STM373	Pavement Major Rehabilitation FY12-13	(507,285)	2,500,000	-	(1,709,252)	-	283,463	
CHV48	STM379	Pavement Major Rehabilitation FY13-14	(45,973)	3,436,108	-	(2,735,235)	-	654,900	
CHV48	STM383	Pavement Major Rehab FY15	-	-	-	(66,243)	84,722	18,479	(a) (f)
CHV48	SW266	Oxford Street Sewer Improvement	-	-	-	(5,840)	5,840	-	(a)
		Total CHV48 Projects	<u>(566,206)</u>	<u>5,949,306</u>	<u>-</u>	<u>(4,516,820)</u>	<u>90,562</u>	<u>956,842</u>	
CHV51	STL359	Naples St. & Oleander Ave. CG/ADA	(8,589)	30,000	-	(21,291)	-	120	
CHV51	STL382	Cross Gutter Rehabilitation	<u>18,513</u>	<u>-</u>	<u>-</u>	<u>(13,314)</u>	<u>-</u>	<u>5,199</u>	
		Total CHV51 Projects	<u>9,924</u>	<u>30,000</u>	<u>-</u>	<u>(34,605)</u>	<u>-</u>	<u>5,319</u>	
CHV52	STL361	Industrial Blvd. Bike Ln / Ped Improvement	<u>4,753</u>	<u>-</u>	<u>-</u>	<u>(802)</u>	<u>-</u>	<u>3,951</u>	
CHV54	STM367	So Broadway Improv. Main to SthrnCity	(56,679)	1,183,217	-	(1,028,217)	-	98,321	
CHV54	STM381	So Brdwy Imprv Main 2SthrnLimt	<u>-</u>	<u>891,905</u>	<u>-</u>	<u>(190,241)</u>	<u>494,861</u>	<u>1,196,525</u>	(a) (c)
		Total CHV54 Projects	<u>(56,679)</u>	<u>2,075,122</u>	<u>-</u>	<u>(1,218,458)</u>	<u>494,861</u>	<u>1,294,846</u>	
CHV56	STL363	Sidewalk Safety Program I	<u>(93,180)</u>	<u>93,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Subtotal Congestion Relief	<u>(666,626)</u>	<u>8,483,361</u>	<u>-</u>	<u>(6,193,197)</u>	<u>646,967</u>	<u>2,270,505</u>	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
		Balance carried forward	\$ (666,626)	\$ 8,483,361	\$ -	\$ (6,193,197)	\$ 646,967	\$ 2,270,505	
CHV58	STL366	Moss Street Sidewalk Installation	(14,956)	100,000	-	(122,001)	36,957	-	(a)
CHV58	STL368	Oxford Street Sidewalk Installation	(25,147)	26,535	-	(110)	6,194	7,472	(h) (i)
CHV58	STL369	Palomar Street Sidewalk Installation	32,646	35,067	-	(67,613)	-	100	
CHV58	STL371	Sidewalk Installation E H Terra Nova	(2)	2	-	-	-	-	
CHV58	STL378	Sidewalk Installation So & W of Hilltop & F	(718)	718	-	-	-	-	
CHV58	STL379	Alpine Avenue Improvements - Naples	(13,199)	18,000	-	(1,607)	(3,194)	-	(h) (d)
CHV58	STL394	Moss Street Corridor Improv. b/w 3rd & 4th	(35,481)	56,780	-	(81,600)	60,301	-	(a)
		Total CHV58 Projects	(56,857)	237,102	-	(272,931)	100,258	7,572	
CHV59	STL364	Sidewalk Installation Along Naples	(1,295)	1,365	-	(70)	-	-	(a) (d) (j)
CHV59	STL367	Naples Street Sidewalk Installation	87,914	-	-	(58,562)	-	29,352	
		Total CHV59 Projects	86,619	1,365	-	(58,632)	-	29,352	
CHV60	TF316	Signal Installation 2nd & Quintard	(1,995)	1,995	-	-	-	-	
CHV60	TF373	Traffic Signal Mod Intersection 4th & G Street	225	-	-	-	(225)	-	(k)
CHV60	TF378	Traffic Signal Mod at 2nd & E Street	(484)	484	-	(44)	44	-	(a) (d)
CHV60	TF382	Traffic Signal Mod at Third Ave & Naples St	10,957	38,098	-	(39,864)	-	9,191	
CHV60	TF383	Traffic Signal Instal at Industrial & Moss	(240,813)	240,813	-	(2,515)	2,515	-	(k) (a)
		Total CHV60 Projects	(232,110)	281,390	-	(42,423)	2,334	9,191	
CHV67	TF377	Roadway Improv at Olympic & Brandywine	(133,883)	150,000	-	(5,746)	-	10,371	
CHV70	STM377	Westbound E Orange Avenue Bike Gap	(18,606)	46,234	-	(27,628)	-	-	
CHV70	STM384	Bike Lanes on Brdwy FsblyStudy	-	43,797	-	(12,530)	-	31,267	
		Total CHV70 Projects	(18,606)	90,031	-	(40,158)	-	31,267	
		Total Congestion Relief	(1,021,463)	9,243,249	-	(6,613,087)	749,559	2,358,258	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Maintenance:									
CHV06	OP219	Pavement Management System	\$ (285,533)	\$ 300,000	\$ -	\$ (13,662)	\$ -	\$ 805	
CHV22	OP202	CIP Advanced Planning	(40,072)	100,000	-	(69,135)	9,207	-	(a)
CHV22	OP208	CIP Management & Equipment Purchase	7,128	-	-	(62)	-	7,066	
Total CHV22 Projects			(32,944)	100,000	-	(69,197)	9,207	7,066	
CHV26	STL323	Pedestrian Master Plan	72	-	-	-	(72)	-	(g)
CHV33	STL375	Enhanced Traffic Calming Crosswalk	17,569	-	-	(195)	1,619	18,993	(i)
CHV33	STL389	Castle Park Middle School - Quintard Street	34,713	-	-	(191)	-	34,522	
CHV33	STM380	Sidewalk Replacement E H Street Study	(8,219)	16,006	-	(17,747)	9,960	-	(a)
CHV33	TF345	School Zone Traffic Calming	-	118,994	-	(104,878)	(14,116)	-	(a) (b)
CHV33	TF361	Safe Routes 2 School Otay/ Rice Elm	-	-	-	-	-	-	
CHV33	TF362	Kids Walk/Bike to School Phase II	(9,324)	13,500	-	(5,594)	1,418	-	(a)
CHV33	TF384	Lauderbach Elem. Pedestrian Imprv	(63)	5,000	-	(704)	-	4,233	
Total CHV33 Projects			34,676	153,500	-	(129,309)	(1,119)	57,748	
CHV34	TF327	Neighborhood Safety Program	(118,915)	340,001	-	(215,475)	-	5,611	
CHV35	TF325	Transportation Planning Program	(38,278)	40,000	-	(8,522)	6,800	-	(a)
CHV35	TF332	Signing and Stripping Program	(43,466)	85,000	-	(49,384)	7,850	-	(a)
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	(209,421)	381,646	-	(200,079)	27,854	-	(a) (l)
CHV35	TF385	Signing and Stripping Elementary Schools	98,615	127,397	-	(234,328)	8,316	-	(a)
Total CHV35 Projects			(192,550)	634,043	-	(492,313)	50,820	-	
Subtotal Maintenance			(595,194)	1,527,544	-	(919,956)	58,836	71,230	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
		Balance carried forward	\$ (595,194)	\$ 1,527,544	\$ -	\$ (919,956)	\$ 58,836	\$ 71,230	
CHV45	STM369	Bikeway Facilities Gap Project	(81,987)	160,000	-	(67,965)	-	10,048	
CHV45	TF274	Traffic Count	(27,030)	40,000	-	(16,754)	3,784	-	(a)
CHV45	TF321	Citywide Traffic Count Program	(112,707)	110,000	-	(47,405)	50,112	-	(a)
		Total CHV45 Projects	(221,724)	310,000	-	(132,124)	53,896	10,048	
CHV46	TF368	Harborside Elementary Pedestrian Imprv.	27,037	-	-	(431)	(26,606)	-	(a) (l)
CHV47	TF367	Urban Core Srvs Level Threshold Study	15,316	-	-	-	-	15,316	
CHV50	DR192	Emergency Storm Drain Repairs F St.	17,646	-	-	-	(17,646)	-	(d) (m)
CHV50	DR193	Storm Drain Pipe Rehab Project For FY2013	99,718	-	-	(73,976)	294,122	319,864	(e) (m)
CHV50	DR196	CMP Rehabilitation Program FY13-14	(398)	306,099	-	(29,737)	188,740	464,704	(e)
CHV50	DR197	Emrg Strm Drn Rehab algBrndywn	-	-	-	(29,662)	29,662	-	(a)
CHV50	DR198	Storm Drain Pipe Rehab FY15	-	-	-	(4,135)	4,135	-	(a)
CHV50	STM385	Bridge Maintenance	-	-	-	(272)	272	-	(a)
		Total CHV50 Projects	116,966	306,099	-	(137,782)	499,285	784,568	
CHV53	STL404	Bikeway Master Plan2016 Update	-	-	-	(1,751)	1,751	-	(a)
CHV61	DR187	Box Culvert at Bonita Road/Allen	2,838	-	-	(2,302)	-	536	
CHV65	DR190	Street Drainage Inlet Repair/Replacement	(2,597)	2,741	-	(144)	-	-	(d)
CHV66	DR191	Drainage Improvement Claire Ave / I St.	(92,577)	100,000	-	-	(7,423)	-	(g) (d)
CHV75	STL405	ADA Curb Ramps FY2014/15	-	-	-	(34,376)	34,376	-	(a)
		Total Maintenance	(749,935)	2,246,384	-	(1,228,866)	614,115	881,698	
		Total Local Street Improvements	(1,771,398)	11,489,633	-	(7,841,953)	1,363,674	3,239,956	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
Major Corridor Environmental Mitigation:									
V08	OP218	Cactus Wren Habitat Rehabilitation	\$ (13,256)	\$ 46,461	\$ -	\$ (12,372)	\$ (18,218)	\$ 2,615	(n)(o)
V08	OP221	PMA Otay Tarplant & SD Thornmount	(58,562)	63,709	-	(8,378)	-	(3,231)	(p)
V08	OP222	Coastal Cactus Wren Habitat Restoration	(52,577)	47,422	-	(38,206)	18,218	(25,143)	(n) (p)
Total Major Corridor Environmental Mitigation			(124,395)	157,592	-	(58,956)	-	(25,759)	
Smart Growth:									
CHV63	OP217	Palomar Gateway Specific Plan	(104,274)	-	-	-	-	(104,274)	(p)
CHV73	STL400	3rd Ave Streetscape Imprv Phs2	(48,805)	148,683	-	(24,509)	-	75,369	
CHV73	STL406	3rd Ave Streetscp Imprv Phs 3	-	-	-	(5,417)	-	(5,417)	(p)
Total CHV73 Projects			(48,805)	148,683	-	(29,926)	-	69,952	
CHV74	N/A	Healthy Chula Vista Initiative	(27,405)	71,221	-	(56,744)	-	(12,928)	(p)
Total Smart Growth			(180,484)	219,904	-	(86,670)	-	(47,250)	
Trans-Net BPNS:									
CHV71	STM378	Main Street Streetscape Master Plan	(87,234)	223,981	-	(165,314)	-	(28,567)	(p)
Total TransNet BPNS			(87,234)	223,981	-	(165,314)	-	(28,567)	
Interest Income			11,225	-	11,692	-	-	22,917	
Total Cumulative <i>TransNet</i> Extension			(2,152,286)	12,091,110	11,692	(8,152,893)	1,363,674	3,161,297	
GASB 31 Fair Market Value Adjustment			(6,151)	-	1,853	-	-	(4,298)	
Total <i>TransNet</i> Extension			\$ (2,158,437)	\$ 12,091,110	\$ 13,545	\$ (8,152,893)	\$ 1,363,674	\$ 3,156,999	
Total <i>TransNet</i> and <i>TransNet</i> Extension			\$ (786,741)	\$ 12,091,110	\$ 13,545	\$ (8,164,992)	\$ 4,077	\$ 3,156,999	

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
Non-TransNet:									
N/A	STL399	South Bay BRT Town Center Drive - Birch Rd.	\$ (171,934)	\$ 521,632	\$ -	\$ (433,906)	\$ -	\$ (84,208)	(p)
Total Non-TransNet			(171,934)	521,632	-	(433,906)	-	(84,208)	
Total TransNet, TransNet Extension and Non-TransNet			\$ (958,675)	\$ 12,612,742	\$ 13,545	\$ (8,598,898)	\$ 4,077	\$ 3,072,791	

Notes:

- (a) LSR cash redistributed to various active projects per Resolution 2015-258/RTIP 14-09.
- (b) Transferred \$57,709 in expenditures within CHV33 from TI to TII.
- (c) Transferred \$167,854 to CHV54 per Resolution 2015-113, and \$25,835 to CHV43 TF354 per Resolution 2015-058/RTIP 14-09.
- (d) Project completed.
- (e) Transferred within same MPOID (\$276,476 to DR193 / \$188,740 to DR196) per Resolution 2015-113.
- (f) Transferred \$18,479 in excess funds from completed project within Congestion Relief to CHV 48 / STM383 per Resolution 2015-058/RTIP 14-09.
- (g) Transferred to CHV39/TF350 per Resolution 2015-113/RTIP 14-09.
- (h) Transferred \$3,194 in excess funds within CHV58 from STL379 to STL368.
- (i) Adjustment to correct expenditure errors per Resolution 2015-040.
- (j) \$(100) adjustment to expenditures per Resolution 2015-040. Adjustment was zeroed out by transfer of \$100 from STL316 per Resolution 2015-058.
- (k) Transfer \$225 within same MPOID.
- (l) \$(442) expenditure correction per Resolution 2015-040. Adjustment zeroed out by transfer from STL316 per Resolution 2015-058. Project balance moved from CHV46/TF368 to CHV35/TF366 per Resolution 2015-113.
- (m) Transferred \$17,646 from DR192 to DR193 (same MPOID) per Resolution 2015-113.
- (n) Adjustment to correct misapplied check #843160 dated 8/13/13.
- (o) City will request to return the funds to SANDAG in FY16.
- (p) Reimbursement billing will cover deficit in FY16.

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<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>Project Status June 30, 2015</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
CHV08	STL261	Willow Street Bridge Widening	\$ 75,000	\$ -	\$ (73,505)	\$ 1,495
CHV18	STL291	Fourth Ave Sidewalk Improvement	71,521	-	(71,521)	-
CVH20	STM370	North Fourth Avenue Widening	192,930	-	(192,930)	-
CHV30	STM361	15 Multi-Modal Corridor Improv. Study	384,402	-	(384,402)	-
CHV39	TF350	Traffic Signal System Optimization	596,853	833	(597,686)	-
CHV40	STL337	Bayshore Bikeway Segment 7 & 8	119,670	-	(119,670)	-
CHV43	TF354	Traffic Congestion Relief Program	126,174	-	(126,174)	-
CHV44	TF344	I 805 Direct Access Ramp E H and E Palomar	243,568	-	(243,568)	-
CHV44	TF356	Otay Mesa Transportation System	12,428	-	(4,376)	8,052
CHV44	TF359	SR 54 Corridor Improv Arterial Ops.	2,068	-	(2,068)	-
Total CHV 44 Projects			258,064	-	(250,012)	8,052
CHV48	STL357	Pavement Major Rehabilitation Prop 1B	549,787	-	(549,787)	-
CHV48	STL371	Major Pavement Rehabilitation	1,184,009	-	(1,184,009)	-
CHV48	STL372	Pavement Major Rehabilitation FY11-12	2,129,318	-	(2,129,318)	-
CHV48	STL373	Pavement Major Rehabilitation FY12-13	3,087,079	-	(2,803,616)	283,463
CHV48	STM379	Pavement Major Rehabilitation FY13-14	3,436,108	-	(2,781,208)	654,900
CHV48	STM383	Pavement Major Rehab FY15	84,722	-	(66,243)	18,479
CHV48	SW266	Oxford Street Sewer Improvement	5,840	-	(5,840)	-
Total CHV 48 Projects			10,476,863	-	(9,520,021)	956,842
Subtotal Congestion Relief			12,301,477	833	(11,335,921)	966,389

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<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>Project Status June 30, 2015</u>
		Balance Carried Forward	\$ 12,301,477	\$ 833	\$ (11,335,921)	\$ 966,389
CHV51	STL359	Naples St & Oleander Ave CG/ADA	43,840	-	(43,720)	120
CHV51	STL382	Cross Gutter Rehabilitation	40,000	-	(34,801)	5,199
		Total CHV 51 Projects	83,840	-	(78,521)	5,319
CHV52	STL361	Industrial Blvd. Bike Ln / Ped Improvement	145,300	-	(141,349)	3,951
CHV54	STM367	So Broadway Improv Main to SthrnCity	1,375,057	-	(1,276,736)	98,321
CHV54	STM381	So Brdwy Imprv Main 2SthrnLimt	1,386,766	-	(190,241)	1,196,525
		Total CHV 54 Projects	2,761,823	-	(1,466,977)	1,294,846
CHV56	STL363	Sidewalk Safety Program I	93,180	-	(93,180)	-
CHV58	STL366	Moss Street Sidewalk Installation	171,957	-	(171,957)	-
CHV58	STL368	Oxford Street Sidewalk Installation	94,726	-	(87,254)	7,472
CHV58	STL369	Palomar Street Sidewalk Installation	93,765	-	(93,665)	100
CHV58	STL371	Sidewalk Installation E H Terra Nova	100,001	-	(100,001)	-
CHV58	STL378	Sidewalk Installation So & W of Hilltop & F	92,024	-	(92,024)	-
CHV58	STL379	Alpine Avenue Improvements - Naples	14,806	-	(14,806)	-
CHV58	STL394	Moss Street Corridor Improv. b/w 3rd & 4th	137,081	-	(137,081)	-
		Total CHV 58 Projects	704,360	-	(696,788)	7,572
		Subtotal Congestion Relief	16,089,980	833	(13,812,736)	2,278,077

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<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>Project Status June 30, 2015</u>
		Balance Carried Forward	\$ 16,089,980	\$ 833	\$ (13,812,736)	\$ 2,278,077
CHV59	STL364	Sidewalk Installation Along Naples	73,589	-	(73,589)	-
CHV59	STL367	Naples Street Sidewalk Installation	<u>151,016</u>	<u>-</u>	<u>(121,664)</u>	<u>29,352</u>
		Total CHV 59 Projects	<u>224,605</u>	<u>-</u>	<u>(195,253)</u>	<u>29,352</u>
CHV60	TF316	Signal Installation 2nd & Quintard	220,358	-	(220,358)	-
CHV60	TF373	Traffic Signal Mod Intersection 4th & G Street	225	-	(225)	-
CHV60	TF378	Traffic Signal Mod at 2nd & E Street	244,195	-	(244,195)	-
CHV60	TF382	Traffic Signal Mod at Third Ave & Naples St	81,598	-	(72,407)	9,191
CHV60	TF383	Traffic Signal Instal at Industrial & Moss	<u>243,328</u>	<u>-</u>	<u>(243,328)</u>	<u>-</u>
		Total CHV 60 Projects	<u>789,704</u>	<u>-</u>	<u>(780,513)</u>	<u>9,191</u>
CHV67	TF377	Roadway Improv at Olympic & Brandywine	<u>250,000</u>	<u>-</u>	<u>(239,629)</u>	<u>10,371</u>
CHV70	STM377	Westbound E Orange Avenue Bike Gap	46,234	-	(46,234)	-
CHV70	STM384	Bike Lanes onBrdwy FsblyStudy	<u>43,797</u>	<u>-</u>	<u>(12,530)</u>	<u>31,267</u>
		Total CHV 70 Projects	<u>90,031</u>	<u>-</u>	<u>(58,764)</u>	<u>31,267</u>
CHV72	STM355	Otay Lakes Road Widening, E H to Canyon	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
		Total Congestion Relief	<u>17,644,320</u>	<u>833</u>	<u>(15,286,895)</u>	<u>2,358,258</u>

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
Maintenance:						
CHV06	OP219	Pavement Management System	\$ 300,000	\$ -	\$ (299,195)	\$ 805
CHV22	OP202	CIP Advanced Planning	385,815	-	(385,815)	-
CHV22	OP208	CIP Management & Equipment Purchase	45,873	-	(38,807)	7,066
Total CHV 22 Projects			431,688	-	(424,622)	7,066
CHV26	STL323	Pedestrian Master Plan	129,928	-	(129,928)	-
CHV33	STL375	Enhanced Traffic Calming Crosswalk	86,498	-	(67,505)	18,993
CHV33	STL389	Castle Park Middle School - Quintard Street	35,000	-	(478)	34,522
CHV33	STM380	Sidewalk Replacement E H Street Study	25,966	-	(25,966)	-
CHV33	TF345	School Zone Traffic Calming	162,587	-	(162,587)	-
CHV33	TF362	Kids Walk/Bike to School Phase II	152,918	-	(152,918)	-
CHV33	TF384	Lauderbach Elem. Pedestrian Imprv	5,000	-	(767)	4,233
Total CHV 33 Projects			467,969	-	(410,221)	57,748
CHV34	TF327	Neighborhood Safety Program	609,010	-	(603,399)	5,611
CHV35	TF325	Transportation Planning Program	200,000	-	(200,000)	-
CHV35	TF332	Signing and Stripping Program	261,934	-	(261,934)	-
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	892,884	-	(892,884)	-
CHV35	TF385	Signing and Stripping Elementary Schools	235,713	-	(235,713)	-
Total CHV 35 Projects			1,590,531	-	(1,590,531)	-
Subtotal Maintenance			3,529,126	-	(3,457,896)	71,230

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<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>Project Status June 30, 2015</u>
		Balance Carried Forward	\$ 3,529,126	\$ -	\$ (3,457,896)	\$ 71,230
CHV45	STM369	Bikeway Facilities Gap Project	232,500	-	(222,452)	10,048
CHV45	TF274	Traffic Count	101,063	-	(101,063)	-
CHV45	TF321	Citywide Traffic Count Program	273,333	-	(273,333)	-
		Total CHV 45 Projects	606,896	-	(596,848)	10,048
CHV46	TF368	Harborside Elementary Pedestrian Improv.	234,395	556	(234,951)	-
CHV47	TF367	Urban Core Srvs Level Threshold Study	20,000	663	(5,347)	15,316
CHV50	DR192	Emergency Storm Darin Repairs F St.	229,354	-	(229,354)	-
CHV50	DR193	Storm Drain Pipe Rehab Project For FY2013	667,122	-	(347,258)	319,864
CHV50	DR196	CMP Rehabilitation Program FY13-14	659,839	-	(195,135)	464,704
CHV50	DR197	Emrg Strm Drn Rehab algBrndywn	29,662	-	(29,662)	-
CHV50	DR198	Storm Drain Pipe Rehab FY15	4,135	-	(4,135)	-
CHV50	STM385	Bridge Maintenance	272	-	(272)	-
		Total CHV 50 Projects	1,590,384	-	(805,816)	784,568
CHV53	STL404	Bikeway Master Plan2016 Update	1,751	-	(1,751)	-
CHV61	DR187	Box Culvert at Bonita Road/Allen	11,000	-	(10,464)	536
CHV65	DR190	Street Drainage Inlet Repair/Replacement	11,741	-	(11,741)	-
CHV66	DR191	Drainage Improvement Claire Ave / I St.	342,577	-	(342,577)	-
CHV75	STL405	ADA Curb Ramps FY2014/15	34,376	-	(34,376)	-
		Total Maintenance	6,382,246	1,219	(5,501,767)	881,698
		Total Local Street Improvements	24,026,566	2,052	(20,788,662)	3,239,956

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
Major Corridor Environmental Mitigation:						
V08	OP218	Cactus Wren Habitat Rehabilitation	\$ 359,094	\$ -	\$ (356,479)	\$ 2,615
V08	OP221	PMA Otay Tarplant &SD Thornmnt	265,149	-	(268,380)	(3,231)
V08	OP222	Coastal Cactus Wren Habitat Restoration	125,491	-	(150,634)	(25,143)
Total Major Corridor Environmental Mitigation			<u>749,734</u>	<u>-</u>	<u>(775,493)</u>	<u>(25,759)</u>
Smart Growth:						
CHV49	STL362	Third Ave Streetscape Improvement	1,999,999	-	(1,999,999)	-
CHV63	OP217	Palomar Gateway Specific Plan	276,752	-	(381,026)	(104,274)
CHV73	STL400	Palomar Gateway Specific Plan	186,735	-	(111,366)	75,369
CHV73	STL406	3rd Ave Streetscp Imprv Phs 3	-	-	(5,417)	(5,417)
Total CHV 73 Projects			<u>186,735</u>	<u>-</u>	<u>(116,783)</u>	<u>69,952</u>
CHV74	N/A	Healthy Chula Vista Initiative	82,042	-	(94,970)	(12,928)
Total Smart Growth			<u>2,545,528</u>	<u>-</u>	<u>(2,592,778)</u>	<u>(47,250)</u>
Bike and Pedestrian:						
CHV71	STM378	Main Street Streetscape Master Plan	223,981	-	(252,548)	(28,567)
Total Bike and Pedestrian			<u>223,981</u>	<u>-</u>	<u>(252,548)</u>	<u>(28,567)</u>
Interest Income			<u>-</u>	<u>22,917</u>	<u>-</u>	<u>22,917</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>27,545,809</u>	<u>24,969</u>	<u>(24,409,481)</u>	<u>3,161,297</u>

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<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>Project Status June 30, 2015</u>
Completed Projects:						
		Bike and Pedestrian	\$ 79,544	\$ -	\$ (79,544)	\$ -
		Smart Growth	283,900	-	(283,900)	-
		Congestion Relief	5,924,858	4,132	(5,928,990)	-
		Maintenance	<u>711,812</u>	<u>-</u>	<u>(711,812)</u>	<u>-</u>
		Total Completed Projects	<u>7,000,114</u>	<u>4,132</u>	<u>(7,004,246)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 34,545,923</u>	<u>\$ 29,101</u>	<u>\$ (31,413,727)</u>	<u>\$ 3,161,297</u>

CITY OF CHULA VISTA CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status		Notes
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014	
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 212,818	\$ 2,430	\$ (215,248)	\$ -	\$ -	\$ 159,509	
For Fiscal Year ended June 30, 2010	June 30, 2017	28,343	4,483	(32,826)	-	-	30,706	
For Fiscal Year ended June 30, 2011	June 30, 2018	5,467	1,911	(7,378)	-	-	(9,060)	
For Fiscal Year ended June 30, 2012	June 30, 2019	39,992	1,243	(21,692)	-	19,543	(117,712)	
For Fiscal Year ended June 30, 2013	June 30, 2020	67,830	562	-	-	68,392	68,016	
For Fiscal Year ended June 30, 2014	June 30, 2021	52,116	951	-	-	53,067	16,127	
For Fiscal Year ended June 30, 2015	June 30, 2022	<u>90,931</u>	<u>502</u>	<u>-</u>	<u>6,444</u>	<u>97,877</u>	<u>-</u>	(a)
Subtotal RTCIP Funds		497,497	12,082	(277,144)	6,444	238,879	147,586	
GASB 31 Market Value Adjustment		-	223	-	-	223	(58)	
Total RTCIP Funds		<u>\$ 497,497</u>	<u>\$ 12,305</u>	<u>\$ (277,144)</u>	<u>\$ 6,444</u>	<u>\$ 239,102</u>	<u>\$ 147,528</u>	

Notes:

(a) In FY15, the Transportation Development Impact Fee (TDIF) Fund refunded excess interest charges to the Western Transportation Development Impact Fee (WTDIF/RTCIP) Fund. Approved via Resolution 2015-035.

CITY OF CORONADO, CALIFORNIA

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

Year Ended June 30, 2015

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

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

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

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

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$327,847. We selected \$153,330 (46.77%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.
- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no amounts in the adjustments column.

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

Results: This procedure is not applicable as the City did not have any completed projects.

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

Results: This procedure is not applicable as the City did not have any completed projects.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

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

- k. We obtained approval from SANDAG staff for the reason of inactivity.

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

- l. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

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

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

Results: This procedure is not applicable as the City did not have any completed projects in the prior year.

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

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

Fiscal year 2015 apportionment	\$558,269
Less: debt service payment	<u> -</u>
Net estimated apportionment	558,269
30% base	<u> 30%</u>
Fiscal year 2015 30% threshold	<u>167,481</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(7,428)
Maintenance fund balance	<u> 3,426</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> (4,002)</u>
Fund balance under apportionment	<u>\$171,483</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(7,428)	\$ 199,231	\$ 191,803
Maintenance	<u> 3,426</u>	<u> 1,211,134</u>	<u> 1,214,560</u>
Totals	<u>\$(4,002)</u>	<u>\$1,410,365</u>	<u>\$1,406,363</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City of Coronado expended 1.56% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$2,812,225	\$ 153,703	\$2,965,928
Maintenance	70,000	1,201,111	1,271,111
Interest	<u>8,871</u>	<u>55,551</u>	<u>64,422</u>
 Total local street and road revenue	 <u>\$2,891,096</u>	 <u>\$1,410,365</u>	 <u>\$4,301,461</u>
 30% of total local street and road revenue			 1,290,438
Less maintenance expenditures incurred to date			 <u>66,888</u>
 Available maintenance funds			 <u>\$1,223,550</u>
 Cumulative percentage expended for maintenance			 <u>1.56%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	Growth Rate
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	\$ <u>53,019,311</u>	\$ <u>42,031,507</u>	<u>1.26</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.26.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$685,316
Growth rate	<u>1.26</u>
Adjusted MOE base as of June 30, 2015	<u>\$863,498</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$989,959
Less MOE base year requirement	<u>(685,316)</u>
Excess MOE for the year ended June 30, 2015	<u>\$304,643</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on September 24, 2015.

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

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

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

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

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

Results: The City had one prior year finding related to the under collection of exaction fees. The City has collected all previously under collected exaction fees and has implemented procedures to no longer split or divide the fees among units. The adopted fees will be charged per applicable permit in full. As such, this prior year finding has been resolved.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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

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.

Daniel Furr LLP

Irvine, California
April 20, 2016

GLOSSARY OF TERMS

“**Annual Street Report**” means the State of California Annual Street Report.

“**Cognizant Agency**” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“**Current Fiscal Year**” means the fiscal period of July 1, 2014, through June 30, 2015.

“**ITOC**” means the Independent Taxpayer Oversight Committee.

“**MOE**” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“**MPO ID**” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“**Recipient Agency**” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“**RTCIP**” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“**RTIP**” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“**SANDAG**” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“**SANDAG Board Policy No. 031**” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“**Schedule A**” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“**Schedule B**” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“**TransNet Extension Ordinance**” means the 2004 Proposition A.

“**TransNet Ordinance and Expenditure Plan**” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF CORONADO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet Extension:									
Congestion Relief:									
COR 07	9872-STCRBGTR	Street and Road Rehabilitation	\$ 45,454	\$ -	\$ (35)	\$ (45,419)	\$ -	\$ -	
COR 07	9899-12SCG	Street, Curb & Gutter	-	-	-	-	-	-	
COR 07	9835-14SCG	Street, Curb & Gutter-FY14	-	148,828	-	(156,256)	-	(7,428)	(a)
COR 07	9894-12003	Audible Pedestrian Signals	-	126,172	-	(126,172)	-	-	
Total Congestion Relief			<u>45,454</u>	<u>275,000</u>	<u>(35)</u>	<u>(327,847)</u>	<u>-</u>	<u>(7,428)</u>	
Maintenance:									
COR 04	9869-SLRYSEAL	Street and Road Maintenance	<u>3,410</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>3,426</u>	(b)
Total Maintenance			<u>3,410</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>3,426</u>	
Total Cumulative <i>TransNet</i> Extension			48,864	275,000	(19)	(327,847)	-	(4,002)	
GASB 31 Market Value Adjustment			<u>(3,623)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>(3,630)</u>	
Total <i>TransNet</i> Extension			<u>\$ 45,241</u>	<u>\$ 275,000</u>	<u>\$ (26)</u>	<u>\$ (327,847)</u>	<u>\$ -</u>	<u>\$ (7,632)</u>	

Notes:

- (a) Drawdown was requested and received from SANDAG in August 2015, thus eliminating the negative balance.
- (b) Engineering Department will use this fund towards the FY16 slurry seal project.

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<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>Project Status June 30, 2015</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
COR 07	9872-STCRBGTR	Street and Road Rehabilitation	\$ 2,064,545	\$ 8,557	\$ (2,073,102)	\$ -
COR 07	9899-12SCG	Street, Curb & Gutter	430,592	-	(430,592)	-
COR 07	9835-14SCG	Street, Curb & Gutter-FY14	159,827	-	(167,255)	(7,428)
COR 07	9894-12003	Audible Pedestrian Signals	<u>157,261</u>	<u>-</u>	<u>(157,261)</u>	<u>-</u>
		Total Congestion Relief	<u>2,812,225</u>	<u>8,557</u>	<u>(2,828,210)</u>	<u>(7,428)</u>
Maintenance:						
COR 04	9869-SLRYSEAL	Street and Road Maintenance	<u>70,000</u>	<u>314</u>	<u>(66,888)</u>	<u>3,426</u>
		Total Maintenance	<u>70,000</u>	<u>314</u>	<u>(66,888)</u>	<u>3,426</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 2,882,225</u>	<u>\$ 8,871</u>	<u>\$ (2,895,098)</u>	<u>\$ (4,002)</u>

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 6,000	\$ 1,374	\$ (7,374)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	2,040	381	(2,421)	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	16,648	541	(15,205)	-	1,984	1,975
For Fiscal Year ended June 30, 2012	June 30, 2019	6,369	208	-	-	6,577	6,546
For Fiscal Year ended June 30, 2013	June 30, 2020	4,330	74	-	-	4,404	4,383
For Fiscal Year ended June 30, 2014	June 30, 2021	35,820	301	-	-	36,121	35,950
For Fiscal Year ended June 30, 2015	June 30, 2022	<u>24,273</u>	<u>115</u>	<u>-</u>	<u>-</u>	<u>24,388</u>	<u>-</u>
Total RTCIP Funds		95,480	2,994	(25,000)	-	73,474	48,854
GASB 31 Market Value Adjustment		-	469	-	-	469	395
Total RTCIP Funds		<u>\$ 95,480</u>	<u>\$ 3,463</u>	<u>\$ (25,000)</u>	<u>\$ -</u>	<u>\$ 73,943</u>	<u>\$ 49,249</u>

COUNTY OF SAN DIEGO, CALIFORNIA

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

Year Ended June 30, 2015

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

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

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 (County), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

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

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

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

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 County recorded total *TransNet* expenditures in the amount of \$18,213,500. We selected \$9,892,980 (54.32%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: Indirect costs were allocated to the projects included in the RTIP, using an overhead ratio of total overhead costs to direct labor costs. Multiple rates were used due to different cost codes. The indirect cost rate has not been reviewed by a cognizant agency. The indirect cost rates are updated and reviewed on an annual basis by the County. The methodology used to calculate the indirect cost rate appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no amounts reflected in the adjustments column.

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

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

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

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

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

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

- k. We obtained approval from SANDAG staff for the reason of inactivity.

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

- l. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the County had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included on Schedule A.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.
 8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual

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

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

Fiscal year 2015 apportionment	\$14,203,916
Less: debt service payment	<u>1,010,545</u>
Net estimated apportionment	13,193,371
30% base	<u>30%</u>
Fiscal year 2015 30% threshold	<u>3,958,011</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	274,243
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>274,243</u>
Fund balance under apportionment	<u>\$ 3,683,768</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by County	Funds Held by SANDAG	Total
Congestion Relief	\$274,243	\$ 727,213	\$ 1,001,456
Maintenance	<u>-</u>	<u>27,203,087</u>	<u>27,203,087</u>
Totals	<u>\$274,243</u>	<u>\$27,930,300</u>	<u>\$28,204,543</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The County expended 8.30% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>County</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$78,348,272	\$ (54,366)	\$ 78,293,906
Maintenance	8,906,141	27,132,840	36,038,981
Interest	<u>1,509,671</u>	<u>851,826</u>	<u>2,361,497</u>
Total local street and road revenue	<u>\$88,764,084</u>	<u>\$27,930,300</u>	<u>\$116,694,384</u>
30% of total local street and road revenue			35,008,315
Less maintenance expenditures incurred to date			<u>9,682,329</u>
Available maintenance funds			<u>\$ 25,325,986</u>
Cumulative percentage expended for maintenance			<u>8.30%</u>

11. 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 staff.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Interest</u> <u>Payments</u>
2008 Bonds	\$15,153,610	\$ -	\$ -	\$15,153,610	\$(627,856)
2012 Bonds	4,475,068	-	(488,480)	3,986,588	105,791

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
 - i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.
 - b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General

Fund revenues as of June 30, 2012, of the previously approved MOE base period.

- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.
- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.
- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: These procedures are not applicable as the County does not have a MOE requirement.

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
- c. We 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.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: These procedures are not applicable as the County does not have an MOE requirement.

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

Results: The County recorded total RTCIP expenditures in the amount of \$1,879,272. We selected \$628,320 (33.43%) for testing. No exceptions were noted as a result of our procedures.

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the County did not incur expenditures for fund administration.

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

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

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

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

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

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

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

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

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

Results: The County provided RTCIP documentation to us for review on October 26, 2015.

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

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

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative

costs included in Local Street Improvements were no more than 1% of the annual apportionment.

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

16. 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.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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.

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Daniel Fum LLP

Irvine, California
April 1, 2016

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COUNTY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>County Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
TransNet:									
Local Streets and Roads:									
CNTY 24	1003046	Cole Grade - High School	\$ 108,021	\$ -	\$ -	\$ (108,021)	\$ -	\$ -	
		Total Local Streets and Roads	<u>108,021</u>	<u>-</u>	<u>-</u>	<u>(108,021)</u>	<u>-</u>	<u>-</u>	
		Total <i>TransNet</i>	<u>\$ 108,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (108,021)</u>	<u>\$ -</u>	<u>\$ -</u>	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CNTY81		Regional Arterial Management Systems	\$ -	\$ 12,500	\$ -	\$ (12,500)	\$ -	\$ -	(a)
		Total Congestion Relief - Pass-Through	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>(12,500)</u>	<u>-</u>	<u>-</u>	
Local Street Improvements:									
Congestion Relief:									
CNTY 14A	1010123	South Santa Fe - South	2	-	-	-	-	2	(b)
CNTY 21	1003030	Bradley Avenue	194,608	-	909	(14,463)	-	181,054	
CNTY 24	1003046	Cole Grade - High School	-	594,000	55	(586,160)	-	7,895	(c)
CNTY 34	1009589	Dye Road Extension	87	32,000	23	(27,556)	-	4,554	
CNTY 35	1009591	Ramona Street Extension	16,325	-	80	-	-	16,405	
CNTY 36	1009592	San Vicente Road South I	1,404,973	11,750,000	2,564	(14,247,400)	-	(1,089,863)	(c) (d)
CNTY 38	1009758	Rancho Santa Fe Roundabouts	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	(e)
		Subtotal Congestion Relief	<u>1,616,007</u>	<u>12,376,000</u>	<u>3,631</u>	<u>(14,875,579)</u>	<u>-</u>	<u>(879,941)</u>	

SCHEDULE A

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>County Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
		Subtotal Congestion Relief balance carried forward	\$ 1,616,007	\$ 12,376,000	\$ 3,631	\$ (14,875,579)	\$ -	\$ (879,941)	
CNTY 39	1010404	Bear Valley Parkway	234,777	3,479,000	3,881	(2,749,357)	-	968,301	
CNTY 42	1009690	Otay Mesa Road	1,115	-	6	-	-	1,121	
CNTY 66	1003111	Lonestar Road	47,935	-	236	-	-	48,171	(g)
CNTY 78	1013677	Inland Rail Trail	176,864	-	630	(64,032)	-	113,462	
CNTY 83	1019279	SR67/Highland Dye Valley Intersection	-	57,000	21	(52,191)	-	4,830	(c)
CNTY 84	1019201	Stage Coach Lane/Reche Road Intersection	-	105,000	41	(91,451)	-	13,590	(c)
CNTY 89	1019200	East Vista Way/Gopher Canyon Intersection	-	90,000	14	(85,305)	-	4,709	(c)
		Total Congestion Relief	<u>2,076,698</u>	<u>16,107,000</u>	<u>8,460</u>	<u>(17,917,915)</u>	<u>-</u>	<u>274,243</u>	
		Total Local Street Improvements	<u>2,076,698</u>	<u>16,119,500</u>	<u>8,460</u>	<u>(17,930,415)</u>	<u>-</u>	<u>274,243</u>	
		TransNet Environmental Mitigation Program:							
		Competitive Land Management Grant:							
V08	5001133	Saltcreek Recovery	(14,764)	14,764	-	(7,268)	-	(7,268)	(h)
V08	5001587	Lusardi Creek	(55,951)	43,964	-	(5,240)	-	(17,227)	(i)
V08	5001589	Lakeside Linkage	(20,390)	8,738	-	(12,480)	-	(24,132)	(j)
V08	5001762	Sycamore Canyon and Goodan Ranch Invasive Removal and Habitat Restoration	(13,912)	10,019	-	(62,731)	-	(66,624)	(j)
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	-	38,459	-	(87,345)	-	(48,886)	(j)
		Total Competitive Land Management Grant	<u>(105,017)</u>	<u>115,944</u>	<u>-</u>	<u>(175,064)</u>	<u>-</u>	<u>(164,137)</u>	
		Total <i>TransNet</i> Extension	<u>\$ 1,971,681</u>	<u>\$ 16,235,444</u>	<u>\$ 8,460</u>	<u>\$ (18,105,479)</u>	<u>\$ -</u>	<u>\$ 110,106</u>	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ 2,079,702</u>	<u>\$ 16,235,444</u>	<u>\$ 8,460</u>	<u>\$ (18,213,500)</u>	<u>\$ -</u>	<u>\$ 110,106</u>	

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2015	Notes
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Notes:

- (a) This is the County's cost-share of the installation of the regional traffic signal management software and linking of the local agencies to a common system. The County did not receive this cash and did not incur any expenditures. This was a pass-through managed by SANDAG.
- (b) CNTY 14A South Santa Fe South is currently at 90% design completion. The estimated date of project completion is June 2020.
- (c) A total of \$1.67 million was the second June cash drawdown received in July 2015. This drawdown is revenue for FY15, not FY16.
- (d) CNTY 36 San Vicente Road South I cash drawdown will be made in FY16.
- (e) CNTY 38 Rancho Santa Fe Roundabouts community has indicated that there has been a shift in local desires and the County is currently evaluating potential changes to the scope of the project.
- (f) CNTY 42 Otay Mesa Road has been delayed as the County is anticipating potential future private development after State Route 11 Border Crossing has been completed.
- (g) CNTY 66 Lonestar Road has been delayed as the County is anticipating potential future private development after State Route 11 Border Crossing has been completed.
- (h) Project 5001133 Saltcreek Recovery incurred qualifying expenditures of \$7,268 and billed SANDAG. The reimbursement will be made in FY16. Project is complete.
- (i) Project 5001587 Lusardi Creek incurred qualifying expenditures of \$5,240 and billed SANDAG. The reimbursement will be made in FY16. Project is complete.
- (j) Negative project status balance is due to qualifying expenditures incurred during the fiscal year. The remaining reimbursement will be made in FY16.

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2015</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass Through:						
SAN54/CNTY81		Regional Arterial Management Systems	\$ 37,500	\$ -	\$ (37,500)	\$ -
		Total Congestion Relief - Pass Through	<u>37,500</u>	<u>-</u>	<u>(37,500)</u>	<u>-</u>
Congestion Relief:						
CNTY 14A	1010123	South Santa Fe - South	985,300	2,456	(987,754)	2
CNTY 21	1003030	Bradley Avenue	1,693,000	54,841	(1,566,787)	181,054
CNTY 24	1003046	Cole Grade - High School	594,000	55	(586,160)	7,895
CNTY 34	1009589	Dye Road Extension	969,405	745	(965,596)	4,554
CNTY 35	1009591	Ramona Street Extension	820,330	18,956	(822,881)	16,405
CNTY 36	1009592	San Vicente Road South I	16,595,086	9,472	(17,694,421)	(1,089,863)
CNTY 38	1009758	Rancho Santa Fe Roundabouts	410,911	3,608	(414,507)	12
CNTY 39	1010404	Bear Valley Parkway	9,357,768	13,239	(8,402,706)	968,301
CNTY 42	1009690	Otay Mesa Road	11,936	78	(10,893)	1,121
CNTY 66	1033111	Lonestar Road	233,865	1,137	(186,831)	48,171
CNTY 78	1013677	Inland Rail Trail	546,380	2,253	(435,171)	113,462
CNTY 83	1019279	SR67/Highland Dye Valley Intersection	57,000	21	(52,191)	4,830
CNTY 84	1019201	Stage Coach Lane/Reche Road Intersection	105,000	41	(91,451)	13,590
CNTY 89	1019200	East Vista Way/Gopher Canyon Intersection	<u>90,000</u>	<u>14</u>	<u>(85,305)</u>	<u>4,709</u>
		Total Congestion Relief	<u>32,469,981</u>	<u>106,916</u>	<u>(32,302,654)</u>	<u>274,243</u>
		Total Local Street Improvements	<u>32,507,481</u>	<u>106,916</u>	<u>(32,340,154)</u>	<u>274,243</u>

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Environmental Mitigation Program:						
Competitive Land Management Grant:						
V08	5001133	Saltcreek Recovery	\$ 99,337	\$ -	\$ (106,605)	\$ (7,268)
V08	5001587	Lusardi Creek	87,865	-	(105,092)	(17,227)
V08	5001589	Lakeside Linkage	134,206	-	(158,338)	(24,132)
V08	5001762	Sycamore Canyon and Goodan Ranch Invasive Removal and Habitat Restoration	31,313	-	(97,937)	(66,624)
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	<u>38,459</u>	<u>-</u>	<u>(87,345)</u>	<u>(48,886)</u>
Total Competitive Land Management Grant			<u>391,180</u>	<u>-</u>	<u>(555,317)</u>	<u>(164,137)</u>
Total TransNet Environmental Mitigation Program			<u>391,180</u>	<u>-</u>	<u>(555,317)</u>	<u>(164,137)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>32,898,661</u>	<u>106,916</u>	<u>(32,895,471)</u>	<u>110,106</u>
Completed Projects:						
Local Street Improvements:						
		Congestion Relief	45,840,791	626,567	(46,467,358)	-
		Maintenance	8,906,141	776,188	(9,682,329)	-
		Bikes and Pedestrians	125,000	-	(125,000)	-
TransNet Environmental Mitigation Program:						
		Competitive Land Management Grant	<u>114,194</u>	<u>-</u>	<u>(114,194)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 87,884,787</u>	<u>\$ 1,509,671</u>	<u>\$ (89,284,352)</u>	<u>\$ 110,106</u>

COUNTY OF SAN DIEGO, CALIFORNIA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	County Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 785,479	\$ 8,081	\$ (793,560)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	815,447	2,064	(817,511)	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	1,120,191	2,461	(1,122,652)	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	1,253,969	2,601	(1,256,570)	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	699,665	1,696	(701,361)	-	-	213,866
For Fiscal Year ended June 30, 2014	June 30, 2021	1,108,576	4,770	(1,113,346)	-	-	1,110,945
For Fiscal Year ended June 30, 2015	June 30, 2022	<u>1,180,266</u>	<u>2,551</u>	<u>(551,598)</u>	<u>-</u>	<u>631,219</u>	<u>-</u>
Total RTCIP Funds		<u>\$ 6,963,593</u>	<u>\$ 24,224</u>	<u>\$ (6,356,598)</u>	<u>\$ -</u>	<u>\$ 631,219</u>	<u>\$ 1,324,811</u>

CITY OF DEL MAR, CALIFORNIA

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

Year Ended June 30, 2015

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

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

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

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

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$2,505,985. We selected \$730,493 (29.15%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.
- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not have any negative ending project balances.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: This procedure is not applicable as the City did not have any negative ending project balances.

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

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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.

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

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

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

Results: This procedure is not applicable as there were no completed projects reported on the prior year's Schedule A.

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

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

Fiscal year 2015 apportionment	\$210,468
Less: debt service payment	<u>(144,286)</u>
Net estimated apportionment	66,182
30% base	<u>30%</u>
Fiscal year 2015 30% threshold	<u>19,855</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	424,912
Maintenance fund balance	<u>1,477</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>426,389</u>
Fund balance (over) apportionment	\$ <u>(406,534)</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$425,389	\$(35,549)	\$389,363
Maintenance	<u>1,000</u>	<u>37,031</u>	<u>38,508</u>
Totals	<u>\$426,389</u>	<u>\$ 1,482</u>	<u>\$427,871</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 8.10% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$4,467,578	\$(39,746)	\$4,427,832
Maintenance	394,626	36,271	430,897
Interest	<u>2,765</u>	<u>4,957</u>	<u>7,722</u>
 Total local street and road revenue	 <u>\$4,864,969</u>	 <u>\$ 1,482</u>	 <u>\$4,866,451</u>
 30% of total local street and road revenue			 1,459,935
Less maintenance expenditures incurred to date			 <u>394,270</u>
 Available maintenance funds			 <u>\$ 1,065,665</u>
 Cumulative percentage expended for maintenance			 <u>8.10%</u>

11. 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 staff.

Results: The results are summarized below:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2015</u>	<u>Interest Payments</u>
Commercial Paper	\$ 704,000	\$ -	\$(704,000)	\$ -	\$ 876
2014 Series A Bonds	-	3,000,000	(12,500)	2,987,500	130,910

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
 - i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated on the following page:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$14,168,365</u>	<u>\$11,536,657</u>	<u>1.23</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.23.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation Services</u>	<u>Total</u>
Previously approved MOE base	\$368,365	\$16,973	\$385,338
Growth rate	<u>1.23</u>	<u>1.23</u>	<u>1.23</u>
Adjusted MOE base as of June 30, 2015	<u>\$453,089</u>	<u>\$20,877</u>	<u>\$473,966</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
- c. We 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.
- 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, 2015, is summarized as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Current year local discretionary expenditures	\$446,723	\$22,360	\$469,083
Less MOE base year requirement	<u>(368,365)</u>	<u>(16,973)</u>	<u>(385,338)</u>
Excess MOE for the year ended June 30, 2015	<u>\$ 78,358</u>	<u>\$ 5,387</u>	<u>\$ 83,745</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 20, 2015.

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

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

15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: This procedure is not applicable as the City did not include any administrative projects in the RTIP.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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.

Dominic Jan UP

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“**Annual Street Report**” means the State of California Annual Street Report.

“**Cognizant Agency**” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“**Current Fiscal Year**” means the fiscal period of July 1, 2014, through June 30, 2015.

“**ITOC**” means the Independent Taxpayer Oversight Committee.

“**MOE**” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“**MPO ID**” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“**Recipient Agency**” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“**RTCIP**” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“**RTIP**” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“**SANDAG**” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“**SANDAG Board Policy No. 031**” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“**Schedule A**” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“**Schedule B**” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“**TransNet Extension Ordinance**” means the 2004 Proposition A.

“**TransNet Ordinance and Expenditure Plan**” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 4,360	\$ -	\$ -	\$ (842)	\$ -	\$ 3,518	
	44.6124.5900/								
DM04	44.6511.5900	Camino del Mar Major Rehabilitation	477	-	-	-	-	477	(a)
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	-	2,707,000	251	(2,285,857)	-	421,394	(b)
		2014 Series A Bonds	-	143,410	-	(143,410)	-	-	
		Commercial Paper	-	876	-	(876)	-	-	
		Total Congestion Relief	<u>4,837</u>	<u>2,851,286</u>	<u>251</u>	<u>(2,430,985)</u>	<u>-</u>	<u>425,389</u>	
Maintenance:									
DM01	44.6101.5900	Resurfacing and Drainage Project	-	76,000	-	(75,000)	-	1,000	
		Total Maintenance	<u>-</u>	<u>76,000</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>1,000</u>	
		Total Local Street Improvements	<u>4,837</u>	<u>2,927,286</u>	<u>251</u>	<u>(2,505,985)</u>	<u>-</u>	<u>426,389</u>	
		Total TransNet Extension	<u>4,837</u>	<u>2,927,286</u>	<u>251</u>	<u>(2,505,985)</u>	<u>-</u>	<u>426,389</u>	
		GASB 31 Market Value Adjustment	(9)	-	-	-	-	(9)	
		Total after GASB 31 Adjustment	<u>\$ 4,828</u>	<u>\$ 2,927,286</u>	<u>\$ 251</u>	<u>\$ (2,505,985)</u>	<u>\$ -</u>	<u>\$ 426,380</u>	

Notes:

- (a) DM04 was closed and the remaining balance will be returned to SANDAG on June 10, 2016.
- (b) Funds received for DM06 exclude \$421,394 in bond proceeds received by the City on July 2, 2015.

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 207,386	\$ 459	\$ (204,327)	\$ 3,518
	44.6124.5900/					
DM04	44.6511.5900	Camino del Mar Major Rehabilitation	704,700	1,411	(705,634)	477
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	3,411,000	251	(2,989,857)	421,394
		2014 Series A Bonds	143,410	-	(143,410)	-
		Commercial Paper	1,082	-	(1,082)	-
		Total Congestion Relief	<u>4,467,578</u>	<u>2,121</u>	<u>(4,044,310)</u>	<u>425,389</u>
Maintenance:						
DM01	44.6101.5900	Resurfacing and Drainage Project	394,626	644	(394,270)	1,000
		Total Maintenance	<u>394,626</u>	<u>644</u>	<u>(394,270)</u>	<u>1,000</u>
		Total Local Street Improvements	<u>4,862,204</u>	<u>2,765</u>	<u>(4,438,580)</u>	<u>426,389</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 4,862,204</u>	<u>\$ 2,765</u>	<u>\$ (4,438,580)</u>	<u>\$ 426,389</u>

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 14,000	\$ 342	\$ (14,342)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	-	-	-	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	-	-	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	-	-	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	2,165	59	-	-	2,224	2,212
For Fiscal Year ended June 30, 2014	June 30, 2021	2,209	23	-	-	2,232	2,219
For Fiscal Year ended June 30, 2015	June 30, 2022	-	-	-	-	-	-
Total RTCIP Funds		\$ 18,374	\$ 424	\$ (14,342)	\$ -	\$ 4,456	\$ 4,431

CITY OF EL CAJON, CALIFORNIA

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

Year Ended June 30, 2015

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

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

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

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

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

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

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$2,386,737. We selected \$1,074,512 (45.02%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.
- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments identified on Schedule A.

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

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

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

Results: This procedure is not applicable as there were no completed project balances requiring transfer to another *TransNet*-eligible project.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no amounts in the Adjustment column of Schedule A.

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

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

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

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

Fiscal year 2015 apportionment	\$2,277,422
Less: debt service payment	<u> -</u>
Net estimated apportionment	2,277,422
30% base	<u> 30%</u>
Fiscal year 2015 30% threshold	<u> 683,227</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	155,222
Maintenance fund balance	<u> 31,488</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> 186,710</u>
Fund balance under apportionment	<u>\$ 496,517</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$155,222	\$ 553,787	\$ 709,009
Maintenance	<u>31,488</u>	<u>1,998,159</u>	<u>2,029,647</u>
Totals	<u>\$186,710</u>	<u>\$2,551,946</u>	<u>\$2,738,656</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 17.51% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$10,809,100	\$ 431,214	\$11,240,314
Maintenance	2,874,761	1,957,562	4,832,323
Interest	<u>4,825</u>	<u>163,170</u>	<u>167,995</u>
Total local street and road revenue	<u>\$13,688,686</u>	<u>\$2,551,946</u>	<u>\$16,240,632</u>
30% of total local street and road revenue			\$ 4,872,190
Less maintenance expenditures incurred to date			<u>2,843,273</u>
Available maintenance funds			\$ <u>2,028,917</u>
Cumulative percentage expended for maintenance			<u>17.51%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2015 divided by General fund revenues as of June 30, 2012	\$ <u>69,273,541</u>	\$ <u>56,933,411</u>	<u>1.22</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.22.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,403,896
Growth rate	<u>1.22</u>
Adjusted MOE base as of June 30, 2015	\$ <u>1,712,753</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$1,854,624
Less MOE base year requirement	<u>(1,403,896)</u>
Excess MOE for the year ended June 30, 2015	<u>\$ 450,728</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total expenditures in the amount of \$33,087. We selected \$32,704 (98.84%) for testing. No exceptions were noted as a result of our procedures.

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

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

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

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

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

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

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet*

Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 30, 2015.

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

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

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: This procedure is not applicable as the City did not include any administrative projects in the RTIP.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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

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.

Daniel Farn LLP

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
EL06	N/A	Regional Arterial Management Systems	\$ -	\$ 9,700	\$ -	\$ (9,700)	\$ -	\$ -	
Total Congestion Relief Pass-Through			-	9,700	-	(9,700)	-	-	
Congestion Relief:									
EL03	PW3432/PW3486/PW3510	Various Overlay Projects	(52,670)	1,555,000	-	(1,410,286)	-	92,044	
EL06	PW3409/PW3411/PW3436/	Traffic Signal Projects	4,978	32,000	-	(25,789)	-	11,189	
EL27	PW3487/PW3488/PW3493	Pedestrian Safety Greenfield	34,214	170,000	-	(151,516)	-	52,698	
EL29	PW3432	Traffic Safety Calming	12,094	10,000	-	(24,460)	-	(2,366)	(a)
EL30	PW3491	Second & Madison Intersection Improvement	23,211	295,000	-	(316,554)	-	1,657	
Total Congestion Relief			21,827	2,062,000	-	(1,928,605)	-	155,222	
Maintenance:									
EL11	PW3405	Sidewalk	5,094	-	-	-	-	5,094	
EL21	PW3408/PW3490	Street Resurfacing	14,996	452,000	-	(446,681)	-	20,315	
EL25	PW3375/PW3489	Slope Repair Fletcher Pkwy	7,830	-	-	(1,751)	-	6,079	
Total Maintenance			27,920	452,000	-	(448,432)	-	31,488	
Total Local Street improvements			49,747	2,523,700	-	(2,386,737)	-	186,710	
Interest Income			4,726	-	99	-	-	4,825	
Total <i>TransNet</i> Extension			54,473	2,523,700	99	(2,386,737)	-	191,535	
GASB 31 Fair Market Value Adjustment			(1,492)	-	(31)	-	-	(1,523)	
Total after GASB 31 Adjustment			\$ 52,981	\$ 2,523,700	\$ 68	\$ (2,386,737)	\$ -	\$ 190,012	

Notes:
 (a) The City will request a draw in FY16 to remove the EL29 deficit of \$2,366.

SCHEDULE B

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015
TransNet Extension:							
Local Street Improvements:							
Congestion Relief Pass-Through:							
EL06	N/A	Regional Arterial Management Systems	\$ 29,100	\$ -	\$ (29,100)	\$ -	\$ -
Total Congestion Relief Pass-Through			<u>29,100</u>	<u>-</u>	<u>(29,100)</u>	<u>-</u>	<u>-</u>
Congestion Relief:							
EL03	PW3340/PW3431/PW3432/PW3486/PW3510	Various Overlay Projects	8,460,618	-	(8,368,574)	-	92,044
EL06	PW3402/PW3409/PW3411/PW3436/PW3487/PW3488/PW3493/PW3514/PW3515/PW3516	Traffic Signal Projects	403,466	-	(392,277)	-	11,189
EL27	PW3432	Pedestrian Safety Greenfield	332,000	-	(279,302)	-	52,698
EL29	PW3491	Traffic Safety Calming	39,475	-	(41,841)	-	(2,366)
EL30	PW3481/PW3482/PW3489	Second & Madison Intersection Improvement	<u>346,323</u>	<u>-</u>	<u>(344,666)</u>	<u>-</u>	<u>1,657</u>
Total Congestion Relief			<u>9,581,882</u>	<u>-</u>	<u>(9,426,660)</u>	<u>-</u>	<u>155,222</u>
Maintenance:							
EL11	PW3405	Sidewalk	260,956	-	(255,862)	-	5,094
EL21	PW3408/PW3490/PW3513	Street Resurfacing	2,156,746	-	(2,136,431)	-	20,315
EL25	PW3375/PW3489	Slope Repair Fletcher Pkwy & Murry Dr.	<u>159,000</u>	<u>-</u>	<u>(152,921)</u>	<u>-</u>	<u>6,079</u>
Total Maintenance			<u>2,576,702</u>	<u>-</u>	<u>(2,545,214)</u>	<u>-</u>	<u>31,488</u>
Total Local Street Improvements			<u>12,187,684</u>	<u>-</u>	<u>(12,000,974)</u>	<u>-</u>	<u>186,710</u>
Interest income			<u>-</u>	<u>4,825</u>	<u>-</u>	<u>-</u>	<u>4,825</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>12,187,684</u>	<u>4,825</u>	<u>(12,000,974)</u>	<u>-</u>	<u>191,535</u>
Completed Projects:							
Local Street Improvements:							
Congestion Relief			1,198,118	-	(1,198,118)	-	-
Maintenance			<u>298,059</u>	<u>-</u>	<u>(298,059)</u>	<u>-</u>	<u>-</u>
Total Completed Projects			<u>1,496,177</u>	<u>-</u>	<u>(1,496,177)</u>	<u>-</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 13,683,861</u>	<u>\$ 4,825</u>	<u>\$ (13,497,151)</u>	<u>-</u>	<u>\$ 191,535</u>

CITY OF EL CAJON CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 2,000	\$ 148	\$ (2,148)	\$ -	\$ -	\$ 2,141
For Fiscal Year ended June 30, 2010	June 30, 2017	89,760	4,358	(30,939)	-	63,179	93,807
For Fiscal Year ended June 30, 2011	June 30, 2018	22,440	690	-	(451)	22,679	22,604
For Fiscal Year ended June 30, 2012	June 30, 2019	451	10	-	-	461	459
For Fiscal Year ended June 30, 2013	June 30, 2020	19,485	221	-	-	19,706	19,641
For Fiscal Year ended June 30, 2014	June 30, 2021	50,807	334	-	(766)	50,375	50,208
For Fiscal Year ended June 30, 2015	June 30, 2022	<u>132,986</u>	<u>442</u>	<u>-</u>	<u>-</u>	<u>133,428</u>	<u>-</u>
Subtotal RTCIP Funds		317,929	6,203	(33,087)	(1,217)	289,828	188,860
GASB 31 fair market value adjustment		-	(227)	-	-	(227)	(277)
Total RTCIP Funds		<u>\$ 317,929</u>	<u>\$ 5,976</u>	<u>\$ (33,087)</u>	<u>\$ (1,217)</u>	<u>\$ 289,601</u>	<u>\$ 188,583</u>

CITY OF ENCINITAS, CALIFORNIA

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

Year Ended June 30, 2015

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

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

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

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

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

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

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$1,567,606. We selected \$459,576 (29.32%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.

- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

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

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

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

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

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

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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.

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

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

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

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

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

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

Fiscal year 2015 apportionment	\$1,545,689
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,545,689
30% base	<u>30%</u>
Fiscal year 2015 30% threshold	<u>463,707</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	83,439
Maintenance fund balance	37,758
Total Local Streets and Roads and Local Street Improvement fund balance	<u>121,197</u>
Fund balance under apportionment	<u>\$ 342,510</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 83,439	\$2,673,305	\$2,756,744
Maintenance	<u>37,758</u>	<u>2,853,173</u>	<u>2,890,931</u>
Totals	<u>\$121,197</u>	<u>\$5,526,478</u>	<u>\$5,647,675</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City of Encinitas expended 8.98% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$6,676,674	\$2,499,777	\$ 9,176,451
Maintenance	1,246,406	2,797,047	4,043,453
Interest	<u>3,575</u>	<u>229,654</u>	<u>233,229</u>
 Total local street and road revenue	 <u>\$7,926,655</u>	 <u>\$5,526,478</u>	 <u>\$13,453,133</u>
 30% of total local street and road revenue			 4,035,940
Less maintenance expenditures incurred to date			 <u>1,208,648</u>
 Available maintenance funds			 <u>\$ 2,827,292</u>
 Cumulative percentage expended for maintenance			 <u>8.98%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$62,530,229</u>	<u>\$53,974,860</u>	<u>1.16</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.16.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation Services</u>	<u>Total</u>
Previously approved MOE base	\$1,665,638	\$ 46	\$1,665,684
Growth rate	<u>1.16</u>	<u>1.16</u>	<u>1.16</u>
Adjusted MOE base as of June 30, 2015	<u>\$1,932,140</u>	<u>\$ 53</u>	<u>\$1,932,193</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.

- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
- c. We 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.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

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

	Street and Road	Specialized Transportation Services	Total
Current year local discretionary expenditures	\$4,628,546	\$5,009	\$4,633,555
Less MOE base year requirement	<u>(1,665,638)</u>	<u>(46)</u>	<u>(1,665,684)</u>
Excess MOE for the year ended June 30,2015	<u>\$2,962,908</u>	<u>\$4,963</u>	<u>\$2,967,871</u>

- 14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on September 9, 2015.

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

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

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

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

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

Results: The City did not have any findings in the prior year.

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

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

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

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

Daniel Jan LLP

Irvine, California
April 1, 2016

CITY OF ENCINITAS

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

Findings and Recommendations

Year Ended June 30, 2015

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

Per review of the City's exaction fee collections as of June 30, 2015, the City is not in compliance with the required exaction amount of \$2,254 allocated to the RTCIP program. The City incorrectly allocated the old exaction fee rate for 6 permits issued to the RTCIP fund. Of the 6 permits, 5 were reversed and allocated correctly. Per inquiry with the City, the fee was paid on July 2, 2014 and was prior to the new rates going into effect. Per Resolution 2014-24, the new rates went into effect 60 days after the adoption of the Resolution, which occurred on May 21, 2014. This resulted in an under-allocation of the exaction fee in the amount of \$45.

SANDAG Board recommendation as of February 28, 2014 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 \$2,209 to \$2,254 beginning July 1, 2014."

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

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

Recommendation

We recommend that the City re-allocate the exaction fees in the amount of \$45 to the RTCIP fund. Additionally, we recommend that the City update and allocate the proper exaction fees on a yearly basis to be in compliance with the RTCIP fees.

Management Response

A total of \$2,690 was collected for the Traffic Mitigation fee for building permits. The split between the City Traffic Mitigation fee and the RTCIP fee charged to developers was incorrect. The RTCIP fee was charged at the prior year rate of \$2,209. A journal entry has been posted for \$45 in FY16 to correct the incorrect split.

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF ENCINITAS, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
ENC28	CS02G	Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
ENC14A	CS14A	FY 13/14 Annual Street Overlay	217,748	-	309	-	(218,057)	-	(a)(b)
ENC14A	CS15A	FY 14/15 Annual Street Overlay	-	1,218,428	-	(1,296,185)	218,057	140,300	(a)
		Total ENC 14A Projects	217,748	1,218,428	309	(1,296,185)	-	140,300	
ENC19	CS02F	Traffic safety and calming	-	53,518	-	-	(53,518)	-	(a)
ENC19	CS07C	ENTMP-1 Rubenstein/Summit/West	(300)	-	-	-	300	-	(a)(c)
ENC19	CS12F	Gardendale Traffic Calming & SR2S Project	(1,916)	-	-	(9,000)	10,916	-	(a)
ENC19	CS14B	Traffic Calming School Safety/Sidewalks (Montgomery to Mozart)	-	-	-	(50,000)	19,483	(30,517)	(a)(d)
ENC19	CS14G	Urania Ave Neighborhood Traffic Calming	(19,483)	-	-	(3,336)	22,819	-	(a)
		Total ENC 19 Projects	(21,699)	53,518	-	(62,336)	-	(30,517)	
ENC20	CS04D	No. Coast Hwy 101 streetscape	(27,557)	71,331	-	(126,356)	-	(82,582)	(d)
ENC28	CS02G	Traffic Signal Modification	54,543	10,864	77	-	(9,246)	56,238	(a)
ENC28	CS14E	Upgrade Traffic Signals - El Camino	-	-	-	(4,108)	4,108	-	(a)
ENC28	CS14F	Upgrade Traffic Signals - Leucadia Blvd	-	-	-	(5,138)	5,138	-	(a)
		Total ENC 28 Projects	54,543	10,864	77	(9,246)	-	56,238	
		Total Congestion Relief	223,035	1,354,141	386	(1,494,123)	-	83,439	

CITY OF ENCINITAS, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Maintenance:									
ENC17	CS01E	Safe Route to Schools-Phase II	\$ -	\$ 182,532	\$ -	\$ -	\$ (144,774)	\$ 37,758	(a)
ENC17	CS13B	Intersection Improvements Hwy 101 & K Street	(28,328)	-	-	-	28,328	-	(a)(e)
ENC17	CS13D	Enc Let's Move Pedestrian Travel & SR2S Plan	(14,771)	-	-	(9,154)	23,925	-	(a)
ENC17	CS15C	South Coast Hwy 101 Sidewalk Improvement	-	-	-	(7,195)	7,195	-	(a)
ENC17	CS15D	Quail Gardens Dr Traffic Safety/Calming Improvements	-	-	-	(8,436)	8,436	-	(a)
ENC17	CS15E	Saxony Rd Traffic Safety/Calming	-	-	-	(11,610)	11,610	-	(a)
ENC17	CS07B	Santa Fe Dr/I-5 MacKinnon Improvements	(35,592)	-	-	(29,688)	65,280	-	(a)
Total ENC 17 Projects			(78,691)	182,532	-	(66,083)	-	37,758	
Total Maintenance			(78,691)	182,532	-	(66,083)	-	37,758	
Total Local Street Improvements			144,344	1,544,073	386	(1,567,606)	-	121,197	
Total <i>TransNet</i> extension			\$ 144,344	\$ 1,544,073	\$ 386	\$ (1,567,606)	\$ -	\$ 121,197	

Notes:

- (a) Adjustments made as an interproject (MPOID) transfer.
- (b) Project complete. This is an interproject (MPOID) and ENC14A remains open.
- (c) Project complete. This is an interproject (MPOID) and ENC19 remains open.
- (d) Funding will be requested in FY16 to remove deficit.
- (e) Project complete. This is an interproject (MPOID) and ENC17 remains open.

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2015</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
ENC28	CS02G	Regional Arterial Management Systems	\$ 22,200	\$ -	\$ (22,200)	\$ -
		Total Congestion Relief - Pass-Through	<u>22,200</u>	<u>-</u>	<u>(22,200)</u>	<u>-</u>
Local Street Improvements:						
Congestion Relief:						
ENC14A	CS14A	FY 13/14 Annual Street Overlay	387,356	-	(387,356)	-
ENC14A	CS15A	FY 14/15 Annual Street Overlay	<u>1,436,176</u>	<u>309</u>	<u>(1,296,185)</u>	<u>140,300</u>
		Subtotal ENC 14A Projects	<u>1,823,532</u>	<u>309</u>	<u>(1,683,541)</u>	<u>140,300</u>
ENC19	CS02F	Traffic safety and calming	68,743	129	(68,872)	-
ENC19	CS07C	ENTMP-1 Rubenstein/Summit/West	546,027	-	(546,027)	-
ENC19	CS12F	Gardendale Traffic Calming & SR2S Project	104,383	-	(104,383)	-
ENC19	CS14B	Traffic Calming School Safety/Sidewalks (Montgomery to Mozart)	19,483	-	(50,000)	(30,517)
ENC19	CS14G	Urania Ave Neighborhood Traffic Calming	<u>22,819</u>	<u>-</u>	<u>(22,819)</u>	<u>-</u>
		Subtotal ENC 19 Projects	<u>761,455</u>	<u>129</u>	<u>(792,101)</u>	<u>(30,517)</u>
ENC20	CS04D	No. Coast Hwy 101 streetscape	<u>931,331</u>	<u>724</u>	<u>(1,014,637)</u>	<u>(82,582)</u>
ENC28	CS02G	Traffic signal modification	246,868	417	(191,047)	56,238
ENC28	CS14E	Upgrade Traffic Signals - El Camino	5,718	-	(5,718)	-
ENC28	CS14F	Upgrade Traffic Signals - Leucadia Blvd	<u>6,748</u>	<u>-</u>	<u>(6,748)</u>	<u>-</u>
		Subtotal ENC 28 Projects	<u>259,334</u>	<u>417</u>	<u>(203,513)</u>	<u>56,238</u>
		Total Congestion Relief	<u>3,775,652</u>	<u>1,579</u>	<u>(3,693,792)</u>	<u>83,439</u>

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
Maintenance:						
ENC17	CS01E	Safe Route to Schools - Phase II	\$ 72,046	\$ -	\$ (34,288)	\$ 37,758
ENC17	CS13B	Intersection Improvements Hwy 101 & K Street	197,050	-	(197,050)	-
ENC17	CS13D	Enc Let's Move Pedestrian Travel & SR2S Plan	27,450	-	(27,450)	-
ENC17	CS15C	South Coast Hwy 101 Sidewalk Improvement	7,195	-	(7,195)	-
ENC17	CS15D	Quail Gardens Dr Traffic Safety/Calmng Improvements	8,436	-	(8,436)	-
ENC17	CS15E	Saxony Rd Traffic Safety/Calmng	11,610	-	(11,610)	-
ENC17	CS07B	Santa Fe Dr/l-5 MacKinnon Improvements	87,695	-	(87,695)	-
Total ENC 17 Projects			<u>411,482</u>	<u>-</u>	<u>(373,724)</u>	<u>37,758</u>
Total Maintenance			<u>411,482</u>	<u>-</u>	<u>(373,724)</u>	<u>37,758</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>4,209,334</u>	<u>1,579</u>	<u>(4,089,716)</u>	<u>121,197</u>
Completed Projects:						
Local Street Improvements:						
Congestion Relief			2,878,822	1,996	(2,880,818)	-
Maintenance			<u>834,924</u>	<u>-</u>	<u>(834,924)</u>	<u>-</u>
Total Local Street Improvements			3,713,746	1,996	(3,715,742)	-
Environmental Mitigation Grant			<u>52,744</u>	<u>-</u>	<u>(52,744)</u>	<u>-</u>
Total Completed Projects			<u>3,766,490</u>	<u>1,996</u>	<u>(3,768,486)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 7,975,824</u>	<u>\$ 3,575</u>	<u>\$ (7,858,202)</u>	<u>\$ 121,197</u>

CITY OF ENCINITAS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2010	June 30, 2017	\$ 34,680	\$ 526	\$ -	\$ -	\$ 35,206	\$ 35,057
For Fiscal Year ended June 30, 2011	June 30, 2018	206,214	2,670	-	-	208,884	207,999
For Fiscal Year ended June 30, 2012	June 30, 2019	138,651	1,370	-	-	140,021	139,426
For Fiscal Year ended June 30, 2013	June 30, 2020	123,111	1,067	-	-	124,178	123,650
For Fiscal Year ended June 30, 2014	June 30, 2021	176,720	1,095	-	-	177,815	177,057
For Fiscal Year ended June 30, 2015	June 30, 2022	<u>207,323</u>	<u>891</u>	<u>-</u>	<u>-</u>	<u>208,214</u>	<u>-</u>
Total RTCIP Funds		<u>\$ 886,699</u>	<u>\$ 7,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 894,318</u>	<u>\$ 683,189</u>

CITY OF ESCONDIDO, CALIFORNIA

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

Year Ended June 30, 2015

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

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

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

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

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

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

f. We identified the total *TransNet* expenditures for the fiscal year.

i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$3,655,468. We selected \$1,855,861 (50.77%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2015. The City's indirect cost plan has not been reviewed by a cognizant agency. The City allocates costs out of the various departments and into capital projects by using the Engineering time directly charged to a project as the cost basis, and multiplying it by a set percentage associated with each department. The City's indirect cost plan was last updated during the year ended June 30, 2015, and the methodology was last reviewed and approved by the City Council during

the fiscal year ended June 30, 2014. The City's methodology for allocating indirect costs appears reasonable.

- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

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

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

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

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

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

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- I. 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.

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

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

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

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

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

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

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

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

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

Fiscal year 2015 apportionment	\$3,339,416
Less: debt service payment	<u> -</u>
Net estimated apportionment	3,339,416
30% base	<u> 30%</u>
Fiscal year 2015 30% threshold	<u>1,001,825</u>
Less:	
Local Streets and Roads fund balance	1,577,962
Local Street Improvement:	
Congestion Relief fund balance	(324,165)
Maintenance fund balance	<u>(1,046,380)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> 207,417</u>
Fund balance under apportionment	<u>\$ 794,408</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (324,165)	\$11,086,891	\$10,762,726
Maintenance	<u>(1,046,380)</u>	<u>987,371</u>	<u>(59,009)</u>
Totals	<u>\$(1,370,545)</u>	<u>\$12,074,262</u>	<u>\$10,703,717</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 26.94% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$ 9,661,726	\$10,714,717	\$20,376,443
Maintenance	6,582,831	820,185	7,403,016
Interest	<u>5,228</u>	<u>539,362</u>	<u>544,590</u>
 Total local street and road revenue	 <u>\$16,249,785</u>	 <u>\$12,074,264</u>	 <u>\$28,324,049</u>
 30% of total local street and road revenue			 \$ 8,497,215
Less maintenance expenditures incurred to date			 <u>7,629,211</u>
 Available maintenance funds			 <u>\$ 868,004</u>
 Cumulative percentage expended for maintenance			 <u>26.94%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$84,772,237</u>	<u>\$74,339,251</u>	<u>1.14</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.14.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,534,929
Growth rate	<u>1.14</u>
Adjusted MOE base as of June 30, 2015	<u>\$2,889,819</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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 reported 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$4,639,294
Less MOE base year requirement	<u>(2,534,929)</u>
Excess MOE for the year ended June 30, 2015	<u>\$2,104,365</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$1,229. We selected \$250 (20.34%) for testing. No exceptions were noted as a result of our procedures.

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

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

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

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

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

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet*

Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 14, 2015.

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

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

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: This procedure is not applicable as the City did not include any administrative projects in the RTIP.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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

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
April 25, 2016

GLOSSARY OF TERMS

“**Annual Street Report**” means the State of California Annual Street Report.

“**Cognizant Agency**” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“**Current Fiscal Year**” means the fiscal period of July 1, 2014, through June 30, 2015.

“**ITOC**” means the Independent Taxpayer Oversight Committee.

“**MOE**” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“**MPO ID**” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“**Recipient Agency**” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“**RTCIP**” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“**RTIP**” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“**SANDAG**” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“**SANDAG Board Policy No. 031**” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“**Schedule A**” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“**Schedule B**” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“**TransNet Extension Ordinance**” means the 2004 Proposition A.

“**TransNet Ordinance and Expenditure Plan**” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status June 30, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet:									
Local Streets and Roads:									
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	\$ 1,541,374	\$ -	\$ -	\$ (39,698)	\$ -	\$ 1,501,676	(a)
ESC08	690309	Felecita & Juniper/Escondido to Chestnut	291,568	-	-	-	(215,282)	76,286	(a)
ESC13	690329	SR78 Bridge Widening at Nordahl	240,550	-	-	(19,247)	(221,303)	-	(a)
ESC24	690029	Centre City/Highway 78 to Mission Ave	316,834	-	-	(27,748)	(289,086)	-	(a)
ESC29	691704	Citracado/Interstate 15 to West Valley	624,220	-	-	-	(624,220)	-	(a)
Total Local Streets and Roads			<u>3,014,546</u>	<u>-</u>	<u>-</u>	<u>(86,693)</u>	<u>(1,349,891)</u>	<u>1,577,962</u>	
Total <i>TransNet</i>			<u>3,014,546</u>	<u>-</u>	<u>-</u>	<u>(86,693)</u>	<u>(1,349,891)</u>	<u>1,577,962</u>	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ESC02	690219	Bear Valley/East Valley/Valley Center	18,770	277,073	-	(6,984)	(288,859)	-	(b)
ESC02A	691705	East Valley/Valley Center Road	(159,013)	450,000	-	(308,323)	288,859	271,523	(b)
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	751,712	-	-	(145,175)	-	606,537	
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	808,084	-	-	-	-	808,084	(d)
ESC24	690029	Centre City/Highway 78 to Mission Ave	-	20,000	-	(9,069)	-	10,931	
ESC27	694101	Maple Street Pedestrian Plaza	14,017	-	-	(14,017)	-	-	
ESC35	691102	Bear Valley Pkwy/San Pasqual to Boyle	(200,000)	200,000	-	-	-	-	
ESC36	691201	Valley Blvd Relocation	(23,941)	25,000	-	-	-	1,059	
Subtotal Congestion Relief			<u>1,209,629</u>	<u>972,073</u>	<u>-</u>	<u>(483,568)</u>	<u>-</u>	<u>1,698,134</u>	
ESC38	697403	Pavement Rehabilitation FY 14	(1,522,325)	172,434	-	-	1,349,891	-	(a)
ESC38	697502	Pavement Rehabilitation FY 15	-	-	-	(2,025,562)	-	(2,025,562)	(c)
Total ESC38 Project			<u>(1,522,325)</u>	<u>172,434</u>	<u>-</u>	<u>(2,025,562)</u>	<u>1,349,891</u>	<u>(2,025,562)</u>	
ESC39	691402	Traffic Signals & Intersections FY 14	(54,557)	60,000	-	(2,180)	-	3,263	
Total Congestion Relief			<u>(367,253)</u>	<u>1,204,507</u>	<u>-</u>	<u>(2,511,310)</u>	<u>1,349,891</u>	<u>(324,165)</u>	

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status June 30, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Maintenance:									
ESC11	697402	Street Maintenance	\$ (141,851)	\$ 141,851	\$ -	\$ -	\$ -	\$ -	
ESC11	697001	Street Maintenance - ARRA	(1,419,990)	1,375,310	-	-	-	(44,680)	(c)
Total ESC11 Project			(1,561,841)	1,517,161	-	-	-	(44,680)	
ESC37	697404	Pavement Maintenance FY 14	(921,910)	977,675	-	(55,765)	-	-	
ESC37	697501	Pavement Maintenance FY 15	-	-	-	(1,001,700)	-	(1,001,700)	(c)
Total ESC37 Project			(921,910)	977,675	-	(1,057,465)	-	(1,001,700)	
Total Maintenance			(2,483,751)	2,494,836	-	(1,057,465)	-	(1,046,380)	
Total Local Street Improvements			(2,851,004)	3,699,343	-	(3,568,775)	1,349,891	(1,370,545)	
Bikes and Pedestrian:									
ESC32	691104	Lighting/Restriping- Escondido Creek Bike Path	(157,500)	157,500	-	-	-	-	
Total Bikes and Pedestrian			(157,500)	157,500	-	-	-	-	
Interest Income			-	-	4,660	-	-	4,660	(e)
Total <i>TransNet</i> Extension			(3,008,504)	3,856,843	4,660	(3,568,775)	1,349,891	(1,365,885)	
Total <i>TransNet</i> and <i>TransNet</i> Extension			6,042	3,856,843	4,660	(3,655,468)	-	212,077	
Non-TransNet:									
US Department of Transportation Grant			767,440	-	-	-	-	767,440	
Total Non- <i>TransNet</i>			767,440	-	-	-	-	767,440	
Total <i>TransNet</i> , <i>TransNet</i> Extension and Non- <i>TransNet</i>			\$ 773,482	\$ 3,856,843	\$ 4,660	\$ (3,655,468)	\$ -	\$ 979,517	

CITY OF ESCONDIDO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>CIP Project</u>	<u>Project Name</u>	<u>Project Status June 30, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
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Notes:

- (a) Per SANDAG, the City needed to spend Local Streets and Roads dollars first. Per City Council action on June 3, 2015, Resolution 2015-90 and 2014 RTIP Amendment No. 5, remaining cash on hand for ESC08, 13, 24 and 29 was moved to ESC38. Remaining Local streets and Road money was allowed to be left in ESC06 due to the project nearing completion. The remaining amount shown for ESC08 is land held for resale by the City.
- (b) Project is complete. The remaining balance from ESC02 was moved to ESC02A with the City's FY16 CIP budget that went to City Council on June 17, 2015, and was subsequently approved per Resolution 2015-87 and RTIP Amendment 14-05.
- (c) To remain in compliance with SANDAG Board Policy No. 31, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), additional funding was not requested during FY15.
- (d) ESC06 has both Local Streets and Roads and Local Street Improvement money programmed toward the project. The current year expenditures are shown under the Local Streets and Roads section.
- (e) The City has elected in FY15 to report interest via the pooled method in accordance with SANDAG *TransNet* Extension Ordinance Board Policy No. 031, Rule 6.

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
ESC02	690219	Bear Valley/East Valley/Valley Center	\$ 2,717,284	\$ -	\$ (2,717,284)	\$ -
ESC02A	691705	East Valley/Valley Center Road	1,084,572	130	(813,179)	271,523
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	987,637	321	(381,421)	606,537
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	808,084	-	-	808,084
ESC24	690029	Centre City/Highway 78 to Mission Ave	20,000	-	(9,069)	10,931
ESC27	694101	Maple Street Pedestrian Plaza	837,794	117	(837,911)	-
ESC35	691102	Bear Valley Pkwy/San Pasqual to Boyle	200,000	-	(200,000)	-
ESC36	691201	Valley Blvd Relocation	25,000	-	(23,941)	1,059
Subtotal Congestion Relief			<u>6,680,371</u>	<u>568</u>	<u>(4,982,805)</u>	<u>1,698,134</u>
ESC38	697403	Pavement Rehabilitation FY 14	1,522,325	-	(1,522,325)	-
ESC38	697502	Pavement Rehabilitation FY 15	-	-	(2,025,562)	(2,025,562)
Total ESC38 Project			<u>1,522,325</u>	<u>-</u>	<u>(3,547,887)</u>	<u>(2,025,562)</u>
ESC39	691402	Traffic Signals & Intersections FY 14	60,000	-	(56,737)	3,263
Total Congestion Relief			<u>8,262,696</u>	<u>568</u>	<u>(8,587,429)</u>	<u>(324,165)</u>
Maintenance:						
ESC11	697402	Street Maintenance	3,414,551	-	(3,414,551)	-
ESC11	697001	Street Maintenance - ARRA	2,175,310	-	(2,219,990)	(44,680)
Total ESC11 Project			<u>5,589,861</u>	<u>-</u>	<u>(5,634,541)</u>	<u>(44,680)</u>

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<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>Project Status June 30, 2015</u>
		Balance carried forward	\$ 5,589,861	\$ -	\$ (5,634,541)	\$ (44,680)
ESC37	697404	Pavement Maintenance FY14	977,675	-	(977,675)	-
ESC37	697501	Pavement Maintenance FY15	-	-	(1,001,700)	(1,001,700)
		Total ESC37 Project	977,675	-	(1,979,375)	(1,001,700)
		Total Maintenance	6,567,536	-	(7,613,916)	(1,046,380)
		Total Local Street Improvements	14,830,232	568	(16,201,345)	(1,370,545)
		Bikes and Pedestrian:				
ESC32	691104	Lighting/Restriping - Escondido Creek Bike Path	157,500	-	(157,500)	-
		Total Bikes and Pedestrian	157,500	-	(157,500)	-
		Interest Income	-	4,660	-	4,660
		Subtotal Cumulative <i>TransNet</i> Extension	14,987,732	5,228	(16,358,845)	(1,365,885)
		Completed Projects:				
		Congestion Relief	1,054,944	-	(1,054,944)	-
		Congestion Relief Pass-Through	344,086	-	(344,086)	-
		Maintenance	15,295	-	(15,295)	-
		Completed Bikes and Pedestrian	1,003,550	4,479	(1,008,029)	-
		Total Completed Projects	2,417,875	4,479	(2,422,354)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 17,405,607	\$ 9,707	\$ (18,781,199)	\$ (1,365,885)

CITY OF ESCONDIDO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 18,000	\$ 3,509	\$ (1,229)	\$ -	\$ 20,280	\$ 21,358
For Fiscal Year ended June 30, 2010	June 30, 2017	63,120	7,707	-	-	70,827	70,329
For Fiscal Year ended June 30, 2011	June 30, 2018	24,767	2,229	-	-	26,996	26,806
For Fiscal Year ended June 30, 2012	June 30, 2019	21,351	1,474	-	-	22,825	22,665
For Fiscal Year ended June 30, 2013	June 30, 2020	43,384	2,400	-	-	45,784	45,462
For Fiscal Year ended June 30, 2014	June 30, 2021	187,765	6,012	-	-	193,777	192,413
For Fiscal Year ended June 30, 2015	June 30, 2022	200,779	1,423	-	-	202,202	-
Total RTCIP Funds		<u>\$ 559,166</u>	<u>\$ 24,755</u>	<u>\$ (1,229)</u>	<u>\$ -</u>	<u>\$ 582,692</u>	<u>\$ 379,033</u>

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Year Ended June 30, 2015

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

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

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

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

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$1,109,687. We selected \$466,284 (42.02%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.
- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments reported on Schedule A.

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

Results: This procedure is not applicable as the City does not have any completed projects.

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

Results: This procedure is not applicable as the City does not have any completed projects.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments reported on Schedule A.

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

Results: This procedure is not applicable as the City does not have any completed projects.

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

Results: The City was not in compliance with the 30% requirement as follows:

Fiscal year 2015 apportionment	\$657,747
Less: debt service payment	<u> -</u>
Net estimated apportionment	657,747
30% base	<u> 30%</u>
Fiscal year 2015 30% threshold	<u>197,324</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	445,812
Maintenance fund balance	<u>(217,582)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>228,230</u>
Fund balance under (over) apportionment	\$ <u>(30,906)</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$445,812	\$214,613	\$660,425
Maintenance	<u>(217,582)</u>	<u>56,287</u>	<u>(161,295)</u>
Totals	<u>\$228,230</u>	<u>\$270,900</u>	<u>\$499,130</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City of Imperial Beach expended 29.74% of cumulative local street and road revenue for maintenance as indicated on the following page.

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$3,663,415	\$187,586	\$3,851,001
Maintenance	1,366,845	46,055	1,412,900
Interest	<u>26,899</u>	<u>37,258</u>	<u>64,157</u>
 Total local street and road revenue	 <u>\$5,057,159</u>	 <u>\$270,900</u>	 <u>\$5,328,058</u>
 30% of total local street and road revenue			 \$1,598,417
Less maintenance expenditures incurred to date			 <u>1,584,427</u>
 Available maintenance funds			 <u>\$ 13,990</u>
 Cumulative percentage expended for maintenance			 <u>29.74%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	Growth Rate
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$17,747,082</u>	<u>\$17,640,373</u>	<u>1.01</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.01.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$217,840
Growth rate	<u>1.01</u>
Adjusted MOE base as of June 30, 2015	<u>\$220,018</u>

- 13. We reviewed the MOE requirement.
 - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$414,268
Less MOE base year requirement	<u>(217,840)</u>
Excess MOE for the year ended June 30, 2015	<u>\$196,428</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 19, 2015.

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

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

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

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

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

Results: The City had one prior year finding related to exaction fee collections. In response, the City collected \$393 of the \$437 undercollections as of June 2015 and SANDAG approved a one-time exception to the rule to transfer the remaining undercollected fees of \$44 from the General Fund. As such, this finding is resolved.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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

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.

Dennis Farn WP

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status June 30, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
IB12	S12104/S15101/ S13309/SP1309	Major Street Improvements	\$ 429,812	\$ 710,600	\$ 1,619	\$ (696,219)	\$ -	\$ 445,812	(a)
		Total Congestion Relief	429,812	710,600	1,619	(696,219)	-	445,812	
Maintenance:									
IB02	N/A	Street Maintenance - Operations	(217,582)	197,400	-	(197,400)	-	(217,582)	(a)
		Total Maintenance	(217,582)	197,400	-	(197,400)	-	(217,582)	
		Total Local Street Improvements	212,230	908,000	1,619	(893,619)	-	228,230	
Smart Growth Grants:									
IB15		Active Transport	-	194,462	-	(216,068)	-	(21,606)	(b)
		Total Smart Growth Grants	-	194,462	-	(216,068)	-	(21,606)	
		Total <i>TransNet</i> Extension	212,230	1,102,462	1,619	(1,109,687)	-	206,624	
		GASB 31 Market Value Adjustment	456	-	(302)	-	-	154	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 212,686	\$ 1,102,462	\$ 1,317	\$ (1,109,687)	\$ -	\$ 206,778	

Notes:
 (a) To remain in compliance with SANDAG Board Policy No. 31, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule), no additional funding will be requested until the City is in compliance.
 (b) The negative balance represents retention amounts held by SANDAG which will be paid upon the completion of the project.

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2015</u>
		TransNet Extension:				
		Local Street Improvements:				
		Congestion Relief:				
IB12	S05104/S12104 SP1309/S11101	Major Street Improvements	\$ 3,663,415	\$ 26,899	\$ (3,244,502)	\$ 445,812
		Total Congestion Relief	<u>3,663,415</u>	<u>26,899</u>	<u>(3,244,502)</u>	<u>445,812</u>
		Maintenance:				
IB02	N/A	Street Maintenance - Operations	<u>1,366,845</u>	<u>-</u>	<u>(1,584,427)</u>	\$ <u>(217,582)</u>
		Total Maintenance	<u>1,366,845</u>	<u>-</u>	<u>(1,584,427)</u>	<u>(217,582)</u>
		Smart Growth Grants:				
IB15		Active Transport	<u>194,462</u>	<u>-</u>	<u>(216,068)</u>	<u>(21,606)</u>
		Total Smart Growth Grants	<u>194,462</u>	<u>-</u>	<u>(216,068)</u>	<u>(21,606)</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 5,224,722</u>	<u>\$ 26,899</u>	<u>\$ (5,044,997)</u>	<u>\$ 206,624</u>

CITY OF IMPERIAL BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status		Notes
		Funds Received	Interest Income	Project Expenditures	City Adjustment	June 30, 2015	June 30, 2014	
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 4,000	\$ 231	\$ -	\$ -	\$ 4,231	\$ 4,202	
For Fiscal Year ended June 30, 2010	June 30, 2017	8,160	249	-	-	8,409	8,351	
For Fiscal Year ended June 30, 2011	June 30, 2018	-	-	-	-	-	-	
For Fiscal Year ended June 30, 2012	June 30, 2019	10,615	229	-	-	10,844	10,769	
For Fiscal Year ended June 30, 2013	June 30, 2020	6,495	108	-	-	6,603	6,557	
For Fiscal Year ended June 30, 2014	June 30, 2021	21,653	284	-	437	22,374	21,785	(a)
For Fiscal Year ended June 30, 2015	June 30, 2022	42,832	302	-	-	43,134	-	
Total RTCIP Funds		<u>\$ 93,755</u>	<u>\$ 1,403</u>	<u>\$ -</u>	<u>\$ 437</u>	<u>\$ 95,595</u>	<u>\$ 51,664</u>	

Notes:

(a) Adjustment represents the collection in FY15 of undercollected exaction fees from FY14.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

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

Year Ended June 30, 2015

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

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

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, 2015. SANDAG's management is responsible for the accounting records on behalf of ITOC. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

1. We reviewed the *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

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

2. We obtained a detailed general ledger for *TransNet* revenues and expenditures from SANDAG staff for the current fiscal year.

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

3. We obtained from SANDAG staff, Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments and an ending balance.

- a. We substantiated all footnotes required in Schedule A.

Results: This procedure is not applicable as there were no footnotes required in Schedule A.

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

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

- c. We obtained a listing of *TransNet* payments made for the ITOC from SANDAG staff. We compared the *TransNet* revenue recorded for the ITOC to the listing of payments received from SANDAG staff. We notified SANDAG staff of any variations and obtained approval from SANDAG.

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

- d. We identified the interest income reported for the year ended June 30, 2015.
 - i. We reviewed the interest income reported on Schedule A and matched it to SANDAG's general ledger.

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

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

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

- e. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to SANDAG's general ledger.

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

- ii. We reviewed at least 25% of ITOC expenditures as reported by SANDAG to determine if they are necessary and reasonable in carrying out ITOC responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: ITOC recorded total *TransNet* expenditures in the amount of \$367,036. We selected \$118,574 (32.31%) for testing. No exceptions were noted as a result of our procedures.

- iii. If unallowable expenditures were identified in procedure 3.e.ii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 3.e.ii.

4. We obtained from SANDAG staff, Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance.
 - a. We reviewed the ending balances at June 30 and ensured that the balances agree for those projects reported in both Schedule A and Schedule B.

Results: No exceptions noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no amounts listed in the Adjustment column of Schedule A.

5. 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.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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

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



Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee, with the administrative functions performed by SANDAG.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
Schedule of Status of Funds
Year Ended June 30, 2015

<u>Project Name</u>	<u>Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Committee Adjustments</u>	<u>Status June 30, 2015</u>
<i>TransNet</i> Extension:						
Independent Taxpayer Oversight Committee	<u>\$ 359,401</u>	<u>\$ 382,036</u>	<u>\$ 1,644</u>	<u>\$ (367,036)</u>	<u>\$ -</u>	<u>\$ 376,045</u>
Total <i>TransNet</i> Extension	<u>\$ 359,401</u>	<u>\$ 382,036</u>	<u>\$ 1,644</u>	<u>\$ (367,036)</u>	<u>\$ -</u>	<u>\$ 376,045</u>

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
Cumulative Schedule of Status of Funds
Year Ended June 30, 2015

<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Status June 30, 2015</u>
<i>TransNet</i> Extension:				
Independent Taxpayer Oversight Committee	<u>\$ 1,730,878</u>	<u>\$ 19,781</u>	<u>\$ (1,374,614)</u>	<u>\$ 376,045</u>
Total Cumulative <i>TransNet</i> Extension	<u>\$ 1,730,878</u>	<u>\$ 19,781</u>	<u>\$ (1,374,614)</u>	<u>\$ 376,045</u>

CITY OF LA MESA, CALIFORNIA

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

Year Ended June 30, 2015

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

Results: This procedure is not applicable as there was no interest reported on Schedule A.

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

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

f. We identified the total *TransNet* expenditures for the fiscal year.

i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$3,529,729. We selected \$927,238 (26.27%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: An hourly benefit rate of 48.2% was applied to the hourly salary and an overhead rate of 79.29% was applied to the hourly salary plus benefits. These allocations of indirect costs have not been reviewed by a cognizant agency. This indirect cost plan was revised during the year ended June 30, 2013, and is applicable for the year ended June 30, 2015. The plan is reviewed and updated every two years by the City's consultants and then reviewed by the City. The indirect cost rate

allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

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

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

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

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

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

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- I. 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.

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

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

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

Results: This procedure is not applicable as there were no completed projects reported on the prior year's Schedule A.

8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule

showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

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

Fiscal year 2015 apportionment	\$1,467,691
Less: debt service payment	<u>(583,189)</u>
Net estimated apportionment	884,502
30% base	<u>30%</u>
Fiscal year 2015 30% threshold	<u>265,351</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(202,341)
Maintenance fund balance	<u>(235,310)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(437,651)</u>
Fund balance under apportionment	<u>\$ 703,002</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (202,341)	\$ 1,269,447	\$1,167,106
Maintenance	<u>(235,310)</u>	<u>1,363,031</u>	<u>1,127,721</u>
Totals	<u>\$(437,651)</u>	<u>\$2,632,478</u>	<u>\$2,194,827</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 18.07% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$ 9,737,336	\$ 1,122,852	\$10,860,188
Maintenance	2,440,163	1,299,617	3,739,780
Interest	<u>100</u>	<u>210,009</u>	<u>210,109</u>
Total local street and road revenue	<u>\$12,177,599</u>	<u>\$2,632,478</u>	<u>\$14,810,077</u>
30% of total local street and road revenue			4,443,023
Less maintenance expenditures incurred to date			<u>2,675,473</u>
Available maintenance funds			<u>\$ 1,767,550</u>
Cumulative percentage expended for maintenance			<u>18.07%</u>

11. 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 staff.

Results: The results are summarized below:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Interest</u> <u>Payments</u>
Commercial Paper	\$1,481,589	\$ -	\$(566,488)	\$915,101	\$16,701

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth</u> <u>Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2015 divided by General fund revenues as of June 30, 2012	<u>\$40,843,887</u>	<u>\$35,103,512</u>	<u>1.16</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.16.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,530,076
Growth rate	<u>1.16</u>
Adjusted MOE base as of June 30, 2015	<u>\$1,774,888</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$2,819,423
Less MOE base year requirement	<u>(1,530,076)</u>
Excess MOE for the year ended June 30, 2015	<u>\$1,289,347</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 29, 2015.

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

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

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

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

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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.

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

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.

Daniel Furr CP

Irvine, California
June 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF LA MESA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet:									
Local Streets and Roads:									
LAM11	302057TR	Street Lights - Overhead Undergrounding	\$ 12,696	\$ -	\$ -	\$ -	\$ (12,696)	\$ -	(a) (b)
LAM21	302064TR	Street Lights - Overhead Undergrounding 06	26,867	-	-	-	(26,867)	-	(a) (b)
		Total Local Streets and Roads	39,563	-	-	-	(39,563)	-	
		Total <i>TransNet</i>	39,563	-	-	-	(39,563)	-	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass Through:									
LAM46		Regional Arterial Management Systems	-	7,400	-	(7,400)	-	-	
		Total Congestion Relief Pass Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
LAM17	302072TR	Street Surfacing 07	(5,745)	-	-	(654)	-	(6,399)	(c)
LAM17	302120TR	Street Reconstruction 12	(390)	10,000	-	(41,433)	-	(31,823)	(c)
		Total LAM17 Projects	(6,135)	10,000	-	(42,087)	-	(38,222)	
LAM21	302094TR	St Lights - Overhead Util Underground 09	37,006	-	-	-	(37,006)	-	(d)
		Subtotal Congestion Relief	30,871	10,000	-	(42,087)	(37,006)	(38,222)	

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2014	Received	Income	Expenditures	Adjustments	June 30, 2015	
		Balance Carried Forward	\$ 30,871	\$ 10,000	\$ -	\$ (42,087)	\$ (37,006)	\$ (38,222)	
LAM28	302099TR	Downtown Village Streetscape Improvement Project	136,784	300,000	-	(761,923)	-	(325,139)	(c)
LAM34	302138TR	Street Lights/ OH Utilities	-	20,000	-	(19,818)	76,569	76,751	(b) (d)
LAM37	302085TR	Traffic Signal Improvement 08	-	-	-	-	-	-	(a)
LAM37	302114TR	Traffic Signal Upgrades 11	(6,836)	9,320	-	(2,484)	-	-	
LAM37	302133TR	Traffic Signal Upgrades 13	(30,800)	51,694	-	(20,894)	-	-	
LAM37	302142TR	Traffic Signal Upgrades 14	(41,502)	138,986	-	(100,012)	-	(2,528)	(e)
		Total LAM37 Projects	(79,138)	200,000	-	(123,390)	-	(2,528)	
LAM40	302130TR	Street Construction 13	75,310	-	-	-	-	75,310	
LAM40	302153TR	Street Construction 15	-	-	-	(23,337)	-	(23,337)	
		Total LAM40 Projects	75,310	-	-	(23,337)	-	51,973	
LAM44	304090TR	Roadway Drainage Improvements 09	140,944	-	-	-	(140,944)	-	(a)(f)
LAM44	304110TR	Roadway Drainage Improvements 11	(1,220)	1,220	-	-	-	-	(a)
LAM44	304120TR	Roadway Drainage Improvements 12	(23,435)	23,435	-	-	-	-	(a)
LAM44	304130TR	Roadway Drainage Improvements 13	(8,570)	28,382	-	(19,812)	-	-	
LAM44	304140TR	Roadway Drainage Improvements 14	(215,268)	346,963	-	(237,815)	140,944	34,824	(f)
		Total LAM44 Projects	(107,549)	400,000	-	(257,627)	-	34,824	
		Commercial Paper Debt Service	-	583,189	-	(583,189)	-	-	
		Total Congestion Relief	56,278	1,513,189	-	(1,811,371)	39,563	(202,341)	

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Maintenance:									
LAM31	General Fund	Street Maintenance	\$ (150,000)	\$ 150,000	\$ -	\$ (150,000)	\$ -	\$ (150,000)	(c)
LAM32	302101TR	Pavement Management Program 10	(2,958)	-	-	-	-	(2,958)	
LAM32	302131TR	Pavement Management 13	7,820	-	-	-	-	7,820	
Total LAM 32 Projects			4,862	-	-	-	-	4,862	
LAM33	302112TR	Curb, Gutter, S/W RPL 11	110	4,508	-	(4,618)	-	-	
LAM33	302132TR	Curb, Gutter, Sidewalk 13	(39,764)	161,333	-	(121,569)	-	-	
LAM33	302141TR	Curb, Gutter, Sidewalk 14	(6,943)	134,159	-	(191,476)	-	(64,260)	(c)
LAM33	302154TR	Curb, Gutter, Sidewalk 15	-	-	-	(10,137)	-	(10,137)	(c)
Total LAM 33 Projects			(46,597)	300,000	-	(327,800)	-	(74,397)	
LAM39	302105TR	Traffic Calming Program 10	(24,840)	20,000	-	-	-	(4,840)	(c)
LAM39	302116TR	Traffic Calming Program 11	(25,000)	-	-	-	25,000	-	(a) (g)
LAM39	302125TR	Traffic Calming Program 12	-	-	-	(21,256)	-	(21,256)	(c)
LAM39	302135TR	Traffic Calming Program 13	49,149	-	-	(13,663)	(25,000)	10,486	(g)
LAM39	302143TR	Traffic Calming Program 14	(165)	-	-	-	-	(165)	(c)
Total LAM 39 Projects			(856)	20,000	-	(34,919)	-	(15,775)	
Total Maintenance			(192,591)	470,000	-	(512,719)	-	(235,310)	
Total Local Street Improvements			(136,313)	1,990,589	-	(2,331,490)	39,563	(437,651)	

CITY OF LA MESA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Senior Mini-Grants:							
LAM 27	212001	La Mesa Rides4Neighbors	\$ (56,679)	\$ 148,206	\$ -	\$ (149,023)	\$ -	\$ (57,496)	(h)
		Total Senior Mini-Grants	(56,679)	148,206	-	(149,023)	-	(57,496)	
		Smart Growth Grant							
LAM 45	302145OT	Downtown Village Streetscape	(109,933)	684,434	-	(1,049,216)	(837)	(475,552)	(h) (i)
		Total Smart Growth Grant	(109,933)	684,434	-	(1,049,216)	(837)	(475,552)	
		Interest Income	100	-	-	-	-	100	
		Total <i>TransNet</i> Extension	(302,825)	2,823,229	-	(3,529,729)	38,726	(970,599)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ (263,262)	\$ 2,823,229	\$ -	\$ (3,529,729)	\$ (837)	\$ (970,599)	

Notes:

- (a) Closed project
- (b) Transfer of remaining balances from LAM11, CIP 302057TR and LAM21, CIP 302064TR to LAM34, CIP 302138TR. These funds are remaining funds from the original *TransNet* Ordinance. SANDAG has requested that the funds be moved to projects (activities) that are part of the current *TransNet* Extension Ordinance. City Council approved the transfer through Resolution number 2016-031 on May 24, 2016.
- (c) Funding has been programmed in FY15-16 and will be drawn down.
- (d) Moving balance from LAM21 to LAM34. Per the 2014-2015 CIP budget, LAM21 was closed out and combined with LAM34.
- (e) Funds will be programmed in next RTIP.
- (f) Move funds from projects within LAM 44. The remaining balance in CIP304090TR will be moved to CIP304140TR so that CIP304090TR can be closed.
- (g) Removing remaining negative balance in CIP 302116TR to 302135TR. Both CIP's are part of LAM39. CIP 302116TR will be closed this year.
- (h) This is a reimbursable funding source and expenditures will always be more than the funds received. Funding will be requested in FY15-16.
- (i) Revenues from the prior year were incorrectly reported. Adjustment is needed to accurately reflect revenues received.

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass Through:						
LAM46		Regional Arterial Management Systems	\$ 22,200	\$ -	\$ (22,200)	\$ -
		Total Congestion Relief - Pass Through	<u>22,200</u>	<u>-</u>	<u>(22,200)</u>	<u>-</u>
Congestion Relief:						
LAM17	302072TR	Street Surfacing 07	143,967	-	(150,366)	(6,399)
LAM17	302120TR	Street Reconstruction 12	<u>10,000</u>	<u>-</u>	<u>(41,823)</u>	<u>(31,823)</u>
		Total LAM17 Projects	<u>153,967</u>	<u>-</u>	<u>(192,189)</u>	<u>(38,222)</u>
LAM21	302094TR	St Lights - Overhead Util Underground 09	<u>1,331</u>	<u>-</u>	<u>(1,331)</u>	<u>-</u>
LAM28	302099TR	Downtown Village Streetscape Improvement Project	<u>650,000</u>	<u>-</u>	<u>(975,139)</u>	<u>(325,139)</u>
LAM34	302138TR	Street Lights OH Utility Undergrounding	<u>98,232</u>	<u>-</u>	<u>(21,481)</u>	<u>76,751</u>
LAM37	302114TR	Traffic Signal Upgrades 11	99,123	-	(99,123)	-
LAM37	302133TR	Traffic Signal Upgrades 13	174,309	-	(174,309)	-
LAM37	302142TR	Traffic Signal Upgrades 14	<u>138,986</u>	<u>-</u>	<u>(141,514)</u>	<u>(2,528)</u>
		Total LAM 37 Projects	<u>412,418</u>	<u>-</u>	<u>(414,946)</u>	<u>(2,528)</u>
		Subtotal Congestion Relief	<u>1,315,948</u>	<u>-</u>	<u>(1,605,086)</u>	<u>(289,138)</u>

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Balance carried forward	\$ 1,315,948	\$ -	\$ (1,605,086)	\$ (289,138)
LAM40	302130TR	Street Construction 13	408,830	-	(333,520)	75,310
LAM40	302153TR	Street Construction 15	-	-	(23,337)	(23,337)
		Total LAM 40 Projects	<u>408,830</u>	<u>-</u>	<u>(356,857)</u>	<u>51,973</u>
LAM44	304090TR	Roadway Drainage Improvements 09	28,905	-	(28,905)	-
LAM44	304110TR	Roadway Drainage Improvements 11	199,726	-	(199,726)	-
LAM44	304120TR	Roadway Drainage Improvements 12	102,254	-	(102,254)	-
LAM44	304130TR	Roadway Drainage Improvements 13	1,507,804	-	(1,507,804)	-
LAM44	304140TR	Roadway Drainage Improvements 14	487,907	-	(453,083)	34,824
		Total LAM 44 Projects	<u>2,326,596</u>	<u>-</u>	<u>(2,291,772)</u>	<u>34,824</u>
		Commercial Paper Debt Service	<u>1,636,690</u>	<u>-</u>	<u>(1,636,690)</u>	<u>-</u>
		Total Congestion Relief	<u>5,688,064</u>	<u>-</u>	<u>(5,890,405)</u>	<u>(202,341)</u>

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
Maintenance:						
LAM31	General Fund	Street Maintenance	\$ 608,281	\$ -	\$ (758,281)	\$ (150,000)
LAM32	302101TR	Pavement Management Program 10	-	-	(2,958)	(2,958)
LAM32	302131TR	Pavement Management 13	18,201	-	(10,381)	7,820
Total LAM 32 Projects			18,201	-	(13,339)	4,862
LAM33	302112TR	Curb, Gutter, S/W RPL 11	100,000	-	(100,000)	-
LAM33	302132TR	Curb, Gutter, Sidewalk 13	261,924	-	(261,924)	-
LAM33	302141TR	Curb, Gutter, Sidewalk 14	134,159	-	(198,419)	(64,260)
LAM33	302154TR	Curb, Gutter, Sidewalk 15	-	-	(10,137)	(10,137)
Total LAM 33 Projects			496,083	-	(570,480)	(74,397)
LAM39	302105TR	Traffic Calming Program 10	21,871	-	(26,711)	(4,840)
LAM39	302116TR	Traffic Calming Program 11	25,000	-	(25,000)	-
LAM39	302125TR	Traffic Calming Program 12	811	-	(22,067)	(21,256)
LAM39	302135TR	Traffic Calming Program 13	26,469	-	(15,983)	10,486
LAM39	302143TR	Traffic Calming Program 14	3,918	-	(4,083)	(165)
Total LAM 39 Projects			78,069	-	(93,844)	(15,775)
Total Maintenance			1,200,634	-	(1,435,944)	(235,310)
Total Local Street Improvements			6,888,698	-	(7,326,349)	(437,651)

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Senior Mini-Grants:				
LAM 27	212001	La Mesa Rides4Neighbors	\$ 540,031	\$ -	\$ (597,527)	\$ (57,496)
		Total Senior Mini-Grants	<u>540,031</u>	<u>-</u>	<u>(597,527)</u>	<u>(57,496)</u>
		Smart Growth Grant:				
LAM 45	302145OT	Downtown Village Streetscape	684,434	-	(1,159,986)	(475,552)
		Total Smart Growth Grant	<u>684,434</u>	<u>-</u>	<u>(1,159,986)</u>	<u>(475,552)</u>
		Interest Income	<u>-</u>	<u>100</u>	<u>-</u>	<u>100</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>8,113,163</u>	<u>100</u>	<u>(9,083,862)</u>	<u>(970,599)</u>
		Completed Projects:				
		Local Street Improvements				
		Congestion Relief	4,027,072	-	(4,027,072)	-
		Maintenance	1,239,529	-	(1,239,529)	-
		Bikes and Pedestrians	<u>449,000</u>	<u>-</u>	<u>(449,000)</u>	<u>-</u>
		Total Completed Projects	<u>5,715,601</u>	<u>-</u>	<u>(5,715,601)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 13,828,764</u>	<u>\$ 100</u>	<u>\$ (14,799,463)</u>	<u>\$ (970,599)</u>

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 2,020	\$ -	\$ (2,020)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	-	-	-	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	-	-	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	35,774	-	(29,509)	-	6,265	6,265
For Fiscal Year ended June 30, 2013	June 30, 2020	49,417	-	-	-	49,417	49,417
For Fiscal Year ended June 30, 2014	June 30, 2021	123,302	-	-	-	123,302	123,302
For Fiscal Year ended June 30, 2015	June 30, 2022	675,754	-	-	-	675,754	-
Total RTCIP Funds		\$ 886,267	\$ -	\$ (31,529)	\$ -	\$ 854,738	\$ 178,984

CITY OF LEMON GROVE, CALIFORNIA

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

Year Ended June 30, 2015

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

2. We obtained from SANDAG staff the applicable approved RTIP.

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

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

- e. We identified the interest income reported for the fiscal year.

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

Results: This procedure is not applicable as there was no interest allocated to projects on Schedule A.

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

Results: This procedure is not applicable as there was no interest allocated to projects on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$1,076,562. We selected \$277,889 (25.81%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.

- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent

with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

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

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

Results: This procedure is not applicable as there were no completed projects.

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

Results: This procedure is not applicable as there were no completed projects.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

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

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

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- I. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.
8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

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

Fiscal year 2015 apportionment	\$678,930
Less: debt service payment	<u> -</u>
Net estimated apportionment	678,930
30% base	<u> 30%</u>
Fiscal year 2015 30% threshold	<u>203,679</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(271,215)
Maintenance fund balance	<u>(253,272)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(524,487)</u>
Fund balance under apportionment	<u>\$728,166</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(271,215)	\$1,821,097	\$1,545,646
Maintenance	<u>(253,272)</u>	<u>535,568</u>	<u>321,522</u>
Totals	<u>\$(524,487)</u>	<u>\$2,356,665</u>	<u>\$1,867,168</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 23.19% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$1,525,842	\$1,759,546	\$3,285,388
Maintenance	847,132	509,464	1,356,596
Interest	<u>15,482</u>	<u>87,655</u>	<u>103,137</u>
Total local street and road revenue	<u>\$2,388,456</u>	<u>\$2,356,665</u>	<u>\$4,745,121</u>
30% of total local street and road revenue			1,423,536
Less maintenance expenditures incurred to date			<u>1,100,513</u>
Available maintenance funds			<u>\$ 323,023</u>
Cumulative percentage expended for maintenance			<u>23.19%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	Growth Rate
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$12,098,501</u>	<u>\$9,825,078</u>	<u>1.23</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.23.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$147,377
Growth rate	<u>1.23</u>
Adjusted MOE base as of June 30, 2015	<u>\$181,274</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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 unmet MOE requirement from the prior year. MOE activity for the year ended June 30, 2015, is summarized as follows:

Current year local discretionary expenditures	\$160,990
Less MOE base year requirement	<u>(147,377)</u>
Excess MOE for the year ended June 30, 2015	<u>\$ 13,613</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on September 29, 2015.

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

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

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

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

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

Results: This procedure is not applicable as there were no findings and recommendations in the prior year report for the year ended June 30, 2015.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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.

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

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.

Daniel Fane LLP

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF LEMON GROVE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	\$ 46,180	\$ -	\$ -	\$ (193,784)	\$ -	\$ (147,604)	(a)
LG18	7155	Traffic Improvements - Congestion Relief	-	-	-	(8,415)	-	(8,415)	(a)
LG20	7,300	Street Improvements - Congestion Relief	67,208	-	-	(182,404)	-	(115,196)	(a)
		Total Congestion Relief	113,388	-	-	(384,603)	-	(271,215)	
Maintenance:									
LG14	7310	Traffic Improvements - Preventive Maintenance	(47,395)	50,000	-	(83,833)	-	(81,228)	(a)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	(36,763)	25,000	-	(77,290)	-	(89,053)	(a)
LG17	7150	Street Improvements - Preventive Maintenance	(74,324)	15,000	-	(23,667)	-	(82,991)	(a)
		Total Maintenance	(158,482)	90,000	-	(184,790)	-	(253,272)	
		Total Local Street Improvements	(45,094)	90,000	-	(569,393)	-	(524,487)	
Smart Growth Grant:									
LG19		Lemon Grove Trolley Plaza	-	331,014	-	(331,014)	-	-	
LG21	6204	Promenade Extension	-	207,315	-	(176,155)	(86,937)	(55,777)	(a) (b)
		Total Smart Growth Grant	-	538,329	-	(507,169)	(86,937)	(55,777)	
		Interest Income	11	-	-	-	-	11	
		Total <i>TransNet</i> Extension	\$ (45,083)	\$ 628,329	\$ -	\$ (1,076,562)	\$ (86,937)	\$ (580,253)	

Notes:

- (a) The City expects to receive reimbursement from SANDAG in FY16 for funds expended in FY15.
- (b) The City adjustment of \$86,937 is the net activity of FY14 including all expenditures which were omitted from the prior year schedule.

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
LG13	N/A	Street Improvements - Congestion Relief	\$ 64,000	\$ 12,196	\$ (76,196)	\$ -
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	464,304	2,858	(614,766)	(147,604)
LG18	7155	Traffic Improvements - Congestion Relief	66,308	308	(75,031)	(8,415)
LG20	7190, 7193, 7300, 7170	Street Improvements - Congestion Relief	<u>931,230</u>	<u>-</u>	<u>(1,046,426)</u>	<u>(115,196)</u>
Total Congestion Relief			<u>1,525,842</u>	<u>15,362</u>	<u>(1,812,419)</u>	<u>(271,215)</u>
Maintenance:						
LG14	7310	Traffic Improvements - Preventive Maintenance	340,899	-	(422,127)	(81,228)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	219,573	60	(308,686)	(89,053)
LG17	7150	Street Improvements - Preventive Maintenance	<u>286,660</u>	<u>49</u>	<u>(369,700)</u>	<u>(82,991)</u>
Total Maintenance			<u>847,132</u>	<u>109</u>	<u>(1,100,513)</u>	<u>(253,272)</u>
Total Local Street Improvements			<u>2,372,974</u>	<u>15,471</u>	<u>(2,912,932)</u>	<u>(524,487)</u>
Smart Growth Grant:						
LG19		Lemon Grove Trolley Plaza	1,895,000	-	(1,895,000)	-
LG21	6204	Promenade Extension	<u>207,315</u>	<u>-</u>	<u>(263,092)</u>	<u>(55,777)</u>
Total Smart Growth Grant			<u>2,102,315</u>	<u>-</u>	<u>(2,158,092)</u>	<u>(55,777)</u>
Interest Income			<u>-</u>	<u>11</u>	<u>-</u>	<u>11</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 4,475,289</u>	<u>\$ 15,482</u>	<u>\$ (5,071,024)</u>	<u>\$ (580,253)</u>

CITY OF LEMON GROVE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments (a)	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 8,000	\$ 264	\$ -	\$ 18	\$ 8,282	\$ 8,254
For Fiscal Year ended June 30, 2010	June 30, 2017	4,080	63	-	9	4,152	4,138
For Fiscal Year ended June 30, 2011	June 30, 2018	8,324	127	-	19	8,470	8,440
For Fiscal Year ended June 30, 2012	June 30, 2019	6,369	57	-	14	6,440	6,418
For Fiscal Year ended June 30, 2013	June 30, 2020	6,495	36	-	15	6,546	6,523
For Fiscal Year ended June 30, 2014	June 30, 2021	22,134	67	-	50	22,251	22,173
For Fiscal Year ended June 30, 2015	June 30, 2022	<u>130,777</u>	<u>163</u>	<u>-</u>	<u>-</u>	<u>130,940</u>	<u>-</u>
Total RTCIP Funds		<u>\$ 186,179</u>	<u>\$ 777</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 187,081</u>	<u>\$ 55,946</u>

Notes:

(a) Adjustments were made to reconcile fund balance.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

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

Year Ended June 30, 2015

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

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, 2015. MTS'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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

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

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

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

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

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

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

Results: Per discussion with management, the *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 MTS' alternative approach.

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

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

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

- a. We substantiated all footnotes required in Schedule A.

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

- b. 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.

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

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

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

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

- e. 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: This procedure is not applicable as interest income was not reported on Schedule A.

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

Results: This procedure is not applicable as interest income was not reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed 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: MTS recorded total *TransNet* expenditures in the amount of \$26,814,588. We selected \$10,315,868 (38.47%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: MTS allocated indirect costs to projects included in the RTIP for the year ended June 30, 2015 for Projects MTS33A and MTS23A at an overhead rate of 21.11% and fringe rate of 72.02%. The FY15 rates were not reviewed by a cognizant agency; however, the rates were audited. No exceptions were noted as a result of our procedures.

- g. We determined that any amounts reflected in the “adjustments” column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments noted.

- h. 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 reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

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

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

Results: This procedure is not applicable as there was no remaining balance of the completed project.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: This procedure is not applicable as there was not a negative ending balance.

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

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

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

Results: This procedure is not applicable as MTS had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

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

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

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

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

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

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

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

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

	Senior and <u>Disabled</u>	<u>Transit</u>
Fiscal year 2015 apportionment	\$765,351	\$28,853,725
Less: debt service payment	_____ -	_____ -
Net estimated apportionment	765,351	28,853,725
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2015 30% threshold	229,605	8,656,118
Less:		
Fund Balance	_____ -	_____ -
Fund balance under apportionment	<u>\$229,605</u>	<u>\$ 8,656,118</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

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 prior year.
 - b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
 - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2014 to 2015 was -6.43%. In years in which the change in CPI is negative, the increase in total operating cost should be flat. For bus services, the change in total operating cost per revenue vehicle hour was a decrease of 1.00%. MTS was in compliance for operator eligibility for bus services. However, the change in total operating cost per revenue vehicle mile for rail services was not in compliance with the requirement. MTS submitted to the SANDAG Board, a request to calculate the eligibility requirement excluding \$1.7 million in electricity expenses that were outside of MTS' control. On April 22, 2016, the SANDAG Board of Directors approved MTS' request. Therefore, we have recalculated the operator eligibility for rail services based on the exclusion, and it is now in compliance with the requirements.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2015</u>	<u>2014</u>	<u>Growth Rate</u>
Operating cost for buses	\$168,742,546	\$157,766,807	
Revenue vehicle hours	1,918,459	1,793,042	
Total operating cost per revenue vehicle hour	\$87.96	\$87.99	(0.03)%
Consumer Price Index	213.587	228.254	(6.43)%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2015</u>	<u>2014</u>	<u>Growth Rate</u>
Operating cost for rail	\$71,401,951	\$71,592,168	
Revenue vehicle miles	8,596,143	8,516,212	
Total operating cost per revenue vehicle mile	\$8.31	\$8.41	(1.19)%
Consumer Price Index	213.587	228.254	(6.43)%

11. 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.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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

Daniel Fann LLP

Irvine, California
April 21, 2016

GLOSSARY OF TERMS

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“CPI” means Consumer Price Index for San Diego County. For the transit operators, CPI is taken from the Bureau of Labor Statistics West Information Office for San Diego, CA (1st Half 2015 of the Semiannual average indexes Table).

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“MPO ID” means, Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: San Diego Metropolitan Transit System or North County Transit District.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	MTS Adjustments	Project Status June 30, 2015	Notes
TransNet Extension:									
Capital:									
Major Corridor:									
SAN 67	47120	Blue Line Rehab	\$ -	\$ (13,774,972)	\$ -	\$ 13,774,972	\$ -	\$ -	(a)
MTS 28	47120	Bus & Rail Rolling Stock	-	2,247,000	-	(2,247,000)	-	-	
Total Capital			-	(11,527,972)	-	11,527,972	-	-	
Operating:									
Senior and Disabled Transportation:									
MTS 33A	47130	MTS Access	-	761,590	-	(761,590)	-	-	
Total Senior and Disabled Transportation			-	761,590	-	(761,590)	-	-	
Transit and Trolley:									
MTS 23A	47110	MTS Operating Support	-	16,509,633	-	(16,509,633)	-	-	
MTS 32A	47110	MTS Preventive Maintenance	-	12,344,092	-	(12,344,092)	-	-	
Major Transit Corridor Operations:									
SAN 80	47140	SuperLoop	-	2,372,897	-	(2,372,897)	-	-	
SAN 80	47150	Bus Rapid Transit	-	6,298,227	-	(6,298,227)	-	-	
SAN 80	47170	Mid City Bus Rapid Transit	-	56,121	-	(56,121)	-	-	
Total Major Transit Corridor Operations			-	8,727,245	-	(8,727,245)	-	-	
Total Transit and Trolley			-	37,580,970	-	(37,580,970)	-	-	
Total Operating			-	38,342,560	-	(38,342,560)	-	-	
Total <i>TransNet</i> Extension			\$ -	\$ 26,814,588	\$ -	\$ (26,814,588)	\$ -	\$ -	

Notes:

(a) MTS project SAN67 *TransNet* funds were swapped with Prop 1B funds, therefore, MTS returned *TransNet* funds in the amount of \$16,058,416 consisting of \$13,774,972 during FY15, \$1,898,100 FY14 accruals and \$385,344 which SANDAG listed as Other Payments and MTS listed as *TransNet* funds.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project

Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Status June 30, 2015
<i>TransNet</i> Extension						
Capital:						
Major Corridor:						
SAN 67	47120	Blue Line Rehab	\$ 45,442,895	\$ -	\$ (45,442,895)	\$ -
MTS28	47120	Bus & Rail Rolling Stock	2,247,000	-	(2,247,000)	-
Total Capital			47,689,895	-	(47,689,895)	-
Operating:						
Senior and Disabled Transportation:						
MTS 33A	47130	MTS Access	4,704,445	-	(4,704,445)	-
Total Senior and Disabled Transportation			4,704,445	-	(4,704,445)	-
Transit and Trolley:						
MTS 23A	47110	MTS Operating Support	151,986,881	-	(151,986,881)	-
MTS 32A	47110	MTS Preventative Maintenance	12,344,092	-	(12,344,092)	-
Major Transit Corridor Operations:						
SAN 80	47140	SuperLoop	3,400,672	-	(3,400,672)	-
SAN 80	47150	Bus Rapid Transit	17,117,221	-	(17,117,221)	-
SAN 80	47170	Mid City Bus Rapid Transit	56,121	-	(56,121)	-
Total Major Transit Corridor Operations			20,574,014	-	(20,574,014)	-
Total Transit and Trolley			184,904,987	-	(184,904,987)	-
Total Operating			189,609,432	-	(189,609,432)	-
Total Cumulative <i>TransNet</i> Extension			\$ 237,299,327	\$ -	\$ (237,299,327)	\$ -

CITY OF NATIONAL CITY, CALIFORNIA

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

Year Ended June 30, 2015

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

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. 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.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$4,258,801. We selected \$1,595,299 (37.46%) 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 against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.
- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: This procedure is not applicable as there were no completed projects reported on the prior year's Schedule A.

- 8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is not in compliance with the 30% requirement as indicated on the following page:

Fiscal year 2015 apportionment	\$1,319,664
Less: debt service payment	<u>(384,969)</u>
Net estimated apportionment	934,695
30% base	<u>30%</u>
Fiscal year 2015 30% threshold	<u>280,409</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	923,633
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>923,633</u>
Fund balance (over) apportionment	<u>\$ (643,224)</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$923,633	\$(1,616,950)	\$ (693,317)
Maintenance	<u>-</u>	<u>2,745,371</u>	<u>2,745,371</u>
Totals	<u>\$923,633</u>	<u>\$1,128,421</u>	<u>\$2,052,054</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 0.00% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$11,632,690	\$(1,710,979)	\$ 9,921,711
Maintenance	-	2,730,517	2,730,517
Interest	<u>31,751</u>	<u>108,883</u>	<u>140,634</u>
Total local street and road revenue	<u>\$11,664,441</u>	<u>\$1,128,421</u>	<u>\$12,792,862</u>
30% total local street and road revenue			3,837,859
Less maintenance expenditures incurred to date			<u>-</u>
Available maintenance funds			<u>\$ 3,837,859</u>
Cumulative percentage expended for maintenance			<u>0.00%</u>

11. 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 staff.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Interest</u> <u>Payments</u>
2010 Series A	\$1,931,039	\$ -	\$(307,069)	\$1,623,970	\$(77,900)

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth</u> <u>Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$53,061,304</u>	<u>38,237,212</u>	<u>1.39</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.35.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,459,882
Growth rate	<u>1.35</u>
Adjusted MOE base as of June 30, 2015	<u>\$1,970,841</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and report a roll forward schedule.

Results: The City was not in compliance with the MOE requirement. The City had an outstanding unmet MOE requirement for the year ended June 30, 2014 in the amount of \$601,821. In the City's response to the prior year finding, the City had requested and was subsequently granted a three year extension in the time permitted to meet the MOE threshold. MOE activity for the year ended June 30, 2015 is summarized as follows:

Current year local discretionary expenditures	\$1,916,393
Less MOE base year requirement	<u>(1,459,882)</u>
Excess MOE for the year ended June 30, 2015 ¹	\$ <u>456,511</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>
2014	\$ -	\$(601,821)
2015	456,511	(145,310)

- 14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
 - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
 - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.
 - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.
- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total expenditures in the amount of \$13,279. We selected \$13,279 (100.00%) for testing. No exceptions were noted as a result of our procedures.
- v. If unallowable expenditures were identified in procedure 14.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.iv.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.
- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 12, 2015.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. 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, 2015, this finding has been partially resolved. At June 30, 2014, the unmet MOE was \$601,821. The City had committed to eliminating its unmet MOE by June 30, 2017. During the year ended June 30, 2015, the City had

excess MOE of \$456,511, which was applied to this deficit, leaving a remaining unmet MOE of \$145,310.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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
April 28, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF NATIONAL CITY, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet:									
Local Streets and Roads:									
NC 01	6569	Plaza Blvd. Widening	\$ 223,780	\$ -	\$ -	\$ (56,780)	\$ (167,000)	\$ -	(a)
NC 04	6558	Traffic Signal Install/Upgrade	247,065	-	-	(247,065)	-	-	
Total Local Streets and Roads			470,845	-	-	(303,845)	(167,000)	-	
Total <i>TransNet</i>			<u>\$ 470,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (303,845)</u>	<u>\$ (167,000)</u>	<u>\$ -</u>	
TransNet Extension:									
Local Street Improvements:									
Congestion relief Pass-Through									
NC04	6558	Regional Arterial Management Systems	\$ -	\$ 8,000	\$ -	\$ (8,000)	\$ -	\$ -	
Total Congestion Relief - Pass-Through			-	8,000	-	(8,000)	-	-	
Congestion Relief:									
NC 01	6569	Plaza Blvd. Widening	1,078,001	-	73	(2,986)	(1,059,372)	15,716	(b)
NC 03	6035	Street Resurfacing Project	(1,154,993)	-	2,770	(658,552)	2,402,323	591,548	(b)
NC 04	6558	Traffic Signal Install/Upgrade	926,202	-	461	(228,270)	(600,000)	98,393	(b)
NC 13	6570	Highland Avenue Community Corridor	256,959	-	830	(247,439)	167,000	177,350	(a)
NC 14	6181	4th Street Community Corridor Tax	242,951	-	-	-	(242,951)	-	(b)(c)
NC 15	6166	Citywide Safe Routes to School	743,661	-	190	(203,225)	(500,000)	40,626	(b)
2010 Series A Bonds Debt Service			-	384,969	-	(384,969)	-	-	
Total Congestion Relief			2,092,781	384,969	4,324	(1,725,441)	167,000	923,633	
Total Local Street Improvements			<u>2,092,781</u>	<u>392,969</u>	<u>4,324</u>	<u>(1,733,441)</u>	<u>167,000</u>	<u>923,633</u>	

CITY OF NATIONAL CITY, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Smart Growth:									
NC 12	3918	8Th St Corridor Smart Growth Revitalization	\$ -	\$ 2,000,000	\$ -	\$ (1,255,909)	\$ (744,091)	\$ -	(c)(d)
NC 19	6187	Downtown-Westside Community Connections	-	1,098,775	-	(606,500)	(78,364)	413,911	(d)(f)
Total Smart Growth			-	3,098,775	-	(1,862,409)	(822,455)	413,911	
Bike and Pedestrian:									
NC 17	1014	4th St. Community Corridor	-	138,896	-	(355,500)	-	(216,604)	(e)
NC 18	1015	Bicycle Parking Enhancements	-	-	-	(3,606)	-	(3,606)	(e)
Total Bike and Pedestrian			-	138,896	-	(359,106)	-	(220,210)	
Total <i>TransNet</i> Extension			<u>\$ 2,092,781</u>	<u>\$ 3,630,640</u>	<u>\$ 4,324</u>	<u>\$ (3,954,956)</u>	<u>\$ (655,455)</u>	<u>\$ 1,117,334</u>	
Total <i>TransNet</i> and <i>TransNet</i> Extension			<u>\$ 2,563,626</u>	<u>\$ 3,630,640</u>	<u>\$ 4,324</u>	<u>\$ (4,258,801)</u>	<u>\$ (822,455)</u>	<u>\$ 1,117,334</u>	

Notes:

- (a) NC01 project balance of \$167,000 (original *TransNet* funds) was transferred to NC13. On April 5, 2016, City Council approved these fund transfers via Resolution No. 2016-49. An RTIP amendment 16-00 was submitted to be in compliance with SANDAG Board Policy No. 003 and the *TransNet* Extension Ordinance.
- (b) Interproject transfers of \$2,402,323 to zero-out FY14 negative balance of \$1,154,993 on NC03 Street Resurfacing project. On April 5, 2016, City Council accepted these fund transfers and it was included in RTIP Amendment 14-11.
- (c) Completed project.
- (d) Adjustment to include FY14 expenditures (projects NC12 & NC19), not reported on prior year schedule.
- (e) Activities related to projects NC17-1014 and NC18-1015 are underway. The City will continue to request the reimbursement of funds in FY16.
- (f) Revenues exceeded expenditures for FY15 because the City paid most of the invoices with matching funds. The remaining invoices for FY16 will be paid using reimbursable grant account (Fund 296), which will balance out revenues and expenditures by the end of the project.

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2015</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
NC 04	6558	Regional Arterial Management Systems	\$ 24,000	\$ -	\$ (24,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>24,000</u>	<u>-</u>	<u>(24,000)</u>	<u>-</u>
Congestion Relief:						
NC 01	6569	Plaza Blvd Widening	11,992	6,710	(2,986)	15,716
NC 03	6035	Street Resurfacing Project	8,224,277	3,202	(7,635,931)	591,548
NC 04	6558	Traffic Signal Install/Upgrade	319,682	12,056	(233,345)	98,393
NC 13	6570	Highland Avenue Community Corridor	464,000	1,448	(288,098)	177,350
NC 14	6181	4th Street Community Corridor Tax	162,303	2,250	(164,553)	-
NC 15	6166	Citywide Safe Routes to School Tax	500,000	6,085	(465,459)	40,626
		2010 Series A Bonds Debt Service	<u>1,898,546</u>	<u>-</u>	<u>(1,898,546)</u>	<u>-</u>
		Total Congestion Relief	<u>11,580,800</u>	<u>31,751</u>	<u>(10,688,918)</u>	<u>923,633</u>
Smart Growth:						
NC 12	3918	8Th St Corridor Smarth Growth Revitalization	2,000,000	-	(2,000,000)	-
NC 19	6187	Downtown-Westside Community Connections	<u>1,098,775</u>	<u>-</u>	<u>(684,864)</u>	<u>413,911</u>
		Total Smart Growth	<u>3,098,775</u>	<u>-</u>	<u>(2,684,864)</u>	<u>413,911</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>14,703,575</u>	<u>31,751</u>	<u>(13,397,782)</u>	<u>1,337,544</u>

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2015</u>
		Balance Carried Forward	<u>\$ 14,703,575</u>	<u>\$31,751</u>	<u>\$ (13,397,782)</u>	<u>\$ 1,337,544</u>
		Bike and Pedestrian:				
NC 17	1015	4th St. Community Corridor	138,896	-	(355,500)	(216,604)
NC 18	1015	Bicycle Parking Enhancements	-	-	(3,606)	(3,606)
		Total Bike and Pedestrian	<u>138,896</u>	<u>-</u>	<u>(359,106)</u>	<u>(220,210)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>14,842,471</u>	<u>31,751</u>	<u>(13,756,888)</u>	<u>1,117,334</u>
		Completed Projects:				
		Congestion Relief	27,890	-	(27,890)	-
		Bikes & Pedestrian	<u>6,860</u>	<u>-</u>	<u>(6,860)</u>	<u>-</u>
		Total Completed Projects	<u>34,750</u>	<u>-</u>	<u>(34,750)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 14,877,221</u>	<u>\$ 31,751</u>	<u>\$ (13,791,638)</u>	<u>\$ 1,117,334</u>

CITY OF NATIONAL CITY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 16,000	\$ 397	\$ (13,279)	\$ -	\$ 3,118	\$ 16,369
For Fiscal Year ended June 30, 2010	June 30, 2017	359,560	8,905	-	-	368,465	367,842
For Fiscal Year ended June 30, 2011	June 30, 2018	39,699	984	-	-	40,683	40,614
For Fiscal Year ended June 30, 2012	June 30, 2019	152,903	2,563	-	-	155,466	155,203
For Fiscal Year ended June 30, 2013	June 30, 2020	102,133	1,191	-	-	103,324	103,150
For Fiscal Year ended June 30, 2014	June 30, 2021	36,044	198	-	-	36,242	36,181
For Fiscal Year ended June 30, 2015	June 30, 2022	351,669	595	-	-	352,264	-
Subtotal RTCIP Funds		1,058,008	14,833	(13,279)	-	1,059,562	719,359
GASB 31 Fair Market Value adjustment		-	(2,925)	-	-	(2,925)	-
Total RTCIP Funds		<u>\$ 1,058,008</u>	<u>\$ 11,908</u>	<u>\$ (13,279)</u>	<u>\$ -</u>	<u>\$ 1,056,637</u>	<u>\$ 719,359</u>

**NORTH COUNTY TRANSIT DISTRICT
OCEANSIDE, CALIFORNIA**

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2015

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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 (NCTD) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: NCTD does not maintain a separate fund for *TransNet* revenues and expenditures. However, since NCTD is an enterprise fund, it does maintain separate accountability for all *TransNet* activity. This alternative approach for maintaining separate accountability has been approved by SANDAG.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. 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.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. 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 reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed 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: NCTD recorded total *TransNet* expenditures in the amount of \$12,024,121. We selected \$3,847,582 (32.00%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects for the year ended June 30, 2015.

- g. We determined that any amounts reflected in the “adjustments” column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. 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 reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: This procedure is not applicable as there were no project ending balances which were negative.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as NCTD had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: This procedure is not applicable as there were no completed projects reported on the prior year's Schedule A.

- 8. We reviewed that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: NCTD is in compliance with the 30% requirement as follows:

	<u>Senior and Disabled</u>	<u>Transit</u>
Fiscal year 2015 apportionment	\$313,273	\$11,810,385
Less: debt service payment	_____ -	_____ (151,889)
Net estimated apportionment	313,273	11,658,496
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2015 30% threshold	<u>93,982</u>	<u>3,497,549</u>
Less: fund balance	_____ -	_____ -
Fund balance under apportionment	<u>\$ 93,982</u>	<u>\$ 3,497,549</u>

9. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2015</u>	<u>Interest Payments</u>
Commercial Paper	\$30,575,000	\$ -	\$(1,225,000)	\$29,350,000	\$(151,889)

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 prior year.
 - b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
 - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2014 to 2015 was -6.43%. In years in which the change in CPI is negative, the increase in total operating cost should be flat. For bus services, the change in total operating cost per revenue vehicle hour was a decrease of 6.00%. NCTD was in compliance for operator eligibility for bus services. However, the growth rate for rail services exceeded the increase in the CPI. NCTD

submitted to the SANDAG Board, a request to exclude the cost increase of \$1,463,856 from the current year calculation. On April 22, 2016, the SANDAG Board of Directors approved NCTD's request. Therefore, we have recalculated the operating cost per revenue vehicle mile for rail services based on the exclusion and the growth rate is now in compliance with the requirements.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2015</u>	<u>2014</u>	<u>Growth Rate</u>
Operating cost for buses	\$50,460,425	\$47,534,402	
Revenue vehicle hours	587,473	520,186	
Total operating cost per revenue vehicle hour	\$85.89	\$91.38	(6.00)%
Consumer Price Index	213.587	228.254	(6.43)%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2015</u>	<u>2014</u>	<u>Growth Rate</u>
Operating cost for rail	\$34,425,287	\$34,429,271	
Revenue vehicle miles	794,727	794,818	
Total operating cost per revenue vehicle mile	\$43.32	\$43.32	0.00%
Consumer Price Index	213.587	228.254	(6.43)%

11. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable, as there were no prior year findings and recommendations.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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.

Daniel Farn LLP

Irvine, California
April 21, 2016

GLOSSARY OF TERMS

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“CPI” means Consumer Price Index for San Diego County. For the transit operators, CPI is taken from the Bureau of Labor Statistics West Information Office for San Diego, CA (1st Half 2015 of the Semiannual average indexes Table).

“Current Fiscal Year” means the fiscal period of July 1, 2015, through June 30, 2016.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: San Diego Metropolitan Transit System or North County Transit District.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

NORTH COUNTY TRANSIT DISTRICT
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2015	Notes
TransNet:									
Capital:									
Transit:									
NCTD16	709501	Inland (O-E Line)	\$ 6,442	\$ -	\$ -	\$ (6,442)	\$ -	\$ -	
NCTD18	112005, 115005	Coastal	626,032	-	1,067	(5,731)	-	621,368	
	412770	STP Projects and Services	16,921	-	29	-	-	16,950	
Total Transit			649,395	-	1,096	(12,173)	-	638,318	
Total Capital			649,395	-	1,096	(12,173)	-	638,318	
Total <i>TransNet</i>			<u>\$ 649,395</u>	<u>\$ -</u>	<u>\$ 1,096</u>	<u>\$ (12,173)</u>	<u>\$ -</u>	<u>\$ 638,318</u>	
TransNet Extension:									
Operating:									
Senior and Disabled Transportation:									
NCTD03	N/A	Elderly and Disabled	\$ -	\$ 313,000	\$ -	\$ (313,000)	\$ -	\$ -	
Total Senior and Disabled Transportation			-	313,000	-	(313,000)	-	-	
Transit:									
NCTD16B	N/A	Oceanside to Escondido Rail Operations	-	2,531,200	-	(2,531,200)	-	-	
NCTD34	N/A	Expanded Transit Service	-	8,994,423	-	(8,994,423)	-	-	
Total Transit			-	11,838,623	-	(11,838,623)	-	-	

NORTH COUNTY TRANSIT DISTRICT
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2015	Notes
TransNet Senior Mini Grant:									
NCTD34A	809015, 810015, 811015, 815015	TransNet Senior Services	\$ (8,742)	\$ 28,764	\$ -	\$ (20,234)	\$ 212	\$ -	(a)
Total TransNet Senior Mini Grant			(8,742)	28,764	-	(20,234)	212	-	
Total Operating			(8,742)	11,867,387	-	(11,858,857)	212	-	
Capital:									
Major Corridor:									
NCTD05	116005	Bus/ADA/Revenue Vehicle Purchases and Related Equipment	-	1,509,482	2,574	-	-	1,512,056	
NCTD16	512554, 512556 512557, 709501 709506, 709507 709508, 709510	Oceanside-Escondido Rail Project	194,767	-	182	(152,128)	-	42,821	
NCTD40	508050	Rail Station Improvement	1,038,461	-	411	(963)	(1,037,909)	-	(b)
Total Major Corridor			1,233,228	1,509,482	3,167	(153,091)	(1,037,909)	1,554,877	
Total Capital			1,233,228	1,509,482	3,167	(153,091)	(1,037,909)	1,554,877	
Total TransNet Extension			\$ 1,224,486	\$ 13,376,869	\$ 3,167	\$ (12,011,948)	\$ (1,037,697)	\$ 1,554,877	
Total TransNet and TransNet Extension			\$ 1,873,881	\$ 13,376,869	\$ 4,263	\$ (12,024,121)	\$ (1,037,697)	\$ 2,193,195	

Notes:

- (a) Project is complete. Adjustment of \$212 is due to NCTD labor expenditures from prior years being non-reimbursable.
- (b) \$1,037,909 of TransNet funds received in advance for Sorrento Valley Platform Extension was returned to SANDAG. SANDAG has taken over the project.

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:						
Operating:						
Senior and Disabled Transportation:						
NCTD03	N/A	Elderly and Disabled	\$ 1,918,325	\$ -	\$ (1,918,325)	\$ -
		Total Senior and Disabled Transportation	1,918,325	-	(1,918,325)	-
Major Corridor:						
NCTD34	N/A	Expanded Transit Service	1,313,066	-	(1,313,066)	-
		Total Major Corridor	1,313,066	-	(1,313,066)	-
Transit:						
NCTD16B	N/A	Oceanside to Escondido Rail Operations	11,352,999	-	(11,352,999)	-
NCTD34	N/A	Expanded Transit Service	60,469,302	-	(60,469,302)	-
		Total Transit	71,822,301	-	(71,822,301)	-
TransNet Senior Mini Grant:						
NCTD34A	809015, 810015 811015, 815015	TransNet Senior Services	217,941	-	(217,941)	-
		Total <i>TransNet</i> Senior Mini Grant	217,941	-	(217,941)	-
		Total Operating	75,271,633	-	(75,271,633)	-

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
Capital:						
Major Corridor:						
NCTD05	116005	Bus/ADA/Revenue Vehicle Purchases and Related Equipment	\$ 1,509,482	\$ 2,574	\$ -	\$ 1,512,056
NCTD16	512554, 512556 512557, 709501 709506, 709507 709508, 709510	Oceanside-Escondido Rail Project	65,304,611	366,236	(65,628,026)	42,821
NCTD40	508050	Rail Station Improvements	<u>192,091</u>	<u>54,003</u>	<u>(246,094)</u>	<u>-</u>
Total Major Corridor			<u>67,006,184</u>	<u>422,813</u>	<u>(65,874,120)</u>	<u>1,554,877</u>
Total Capital			<u>67,006,184</u>	<u>422,813</u>	<u>(65,874,120)</u>	<u>1,554,877</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>142,277,817</u>	<u>422,813</u>	<u>(141,145,753)</u>	<u>1,554,877</u>
Completed Projects:						
Capital:						
Major Corridor			<u>1,317,533</u>	<u>-</u>	<u>(1,317,533)</u>	<u>-</u>
Bike, Pedestrian and Neighborhood Safety (BPNS) Inland Rail Trail			<u>3,870,000</u>	<u>25,257</u>	<u>(3,895,257)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 147,465,350</u>	<u>\$ 448,070</u>	<u>\$ (146,358,543)</u>	<u>\$ 1,554,877</u>

CITY OF OCEANSIDE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2015

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. 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.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$7,037,611. We selected \$3,068,197 (43.60%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: The City did not allocate any indirect costs to projects included in the RTIP for the year ended June 30, 2015.
- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment and verified it was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as indicated on the following page:

Fiscal year 2015 apportionment	\$4,309,867
Less: debt service payment	<u> -</u>
Net estimated apportionment	4,309,867
30% base	<u> 30%</u>
Fiscal year 2015 30% threshold	<u>1,292,960</u>
Less:	
Local Streets and Roads fund balance	1,052,111
Local Street Improvement:	
Congestion Relief fund balance	(2,219,418)
Maintenance fund balance	<u>(3,951,099)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(5,118,406)</u>
Fund balance under apportionment	<u>\$6,411,366</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(2,219,418)	\$11,749,773	\$9,530,355
Maintenance	<u>(3,951,099)</u>	<u>4,189,513</u>	<u>238,414</u>
Totals	<u>\$(6,170,517)</u>	<u>\$15,939,286</u>	<u>\$9,768,769</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 28.13% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$14,288,017	\$11,418,084	\$25,706,101
Maintenance	6,396,923	4,036,006	10,432,929
Interest	<u>165,018</u>	<u>485,196</u>	<u>650,214</u>
Total local street and road revenue	<u>\$20,849,958</u>	<u>\$15,939,286</u>	<u>\$36,789,244</u>
30% of total local street and road revenue			11,036,773
Less maintenance expenditures incurred to date			<u>10,348,242</u>
Available maintenance funds			<u>\$ 688,531</u>
Cumulative percentage expended for maintenance			<u>28.13%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$125,050,264</u>	<u>\$104,550,258</u>	<u>1.20</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.20.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,321,866
Growth rate	<u>1.20</u>
Adjusted MOE base as of June 30, 2015	<u>\$2,786,239</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$4,607,120
Less MOE base year requirement	<u>(2,321,866)</u>
Excess MOE for the year ended June 30, 2015	<u>\$2,285,254</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total expenditures in the amount of \$131,079. We selected \$26,567 (20.27%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 14.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet*

Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 16, 2015.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: This procedure is not applicable as the City did not include any administrative projects in the RTIP.

- 16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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.

Daniel Farn WP

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet:									
Local Streets and Roads:									
O14	914560900212	No Coast Hwy Bridge Seismic Retro	\$ 657,968	\$ -	\$ -	\$ (65,263)	\$ 1,004	\$ 593,709	(a)
O14	914560800212	Douglas Dr. Bridge Seismic Retro	520,066	-	-	(66,219)	4,555	458,402	(a)
		Total O14 Projects	1,178,034	-	-	(131,482)	5,559	1,052,111	
		Total Local Streets and Roads	1,178,034	-	-	(131,482)	5,559	1,052,111	
		Total <i>TransNet</i>	1,178,034	-	-	(131,482)	5,559	1,052,111	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SAN 54	N/A	Regional Arterial Management Systems	-	11,200	-	(11,200)	-	-	
		Total Congestion Relief - Pass-Through	-	11,200	-	(11,200)	-	-	
Congestion Relief:									
O17	905120100212	Loma Alta Creek Detention Basins	715,529	-	-	(222,138)	-	493,391	
O24	902754200212	Street Restoration	2,859,190	-	-	(4,345,768)	14,768	(1,471,810)	(b)(c)
O25	902111200212	Adp Signal TMC Traffic Mgmt Ctr	(349,186)	-	-	(72,480)	-	(421,666)	(b)(d)
O25	902131300212	MssnAve Fiber-Optic Cable Design	(15,548)	-	-	(13,122)	-	(28,670)	(b)(d)
		Total O25 Projects	(364,734)	-	-	(85,602)	-	(450,336)	

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2014	Received	Income	Expenditures	Adjustments	June 30, 2015	
		Balance carried forward	\$ 3,209,985	\$ -	\$ -	\$ (4,653,508)	\$ 14,768	\$ (1,428,755)	
O33	902131200212	Coast Hwy Corridor Study/EIR	32,600	-	-	(87,549)	-	(54,949)	(b)
O33	902137100212	Coast Hwy Vision EIR-SA	-	-	-	(77,978)	-	(77,978)	(b)
		Total O33 Projects	32,600	-	-	(165,527)	-	(132,927)	
O36	902136000212	El Corazon Access @ ORnch Rd	-	-	-	(80,639)	-	(80,639)	(b)
O37	425432212	SANDAG CRT Phase 2B	(1,037)	-	-	-	-	(1,037)	(b)
O37	902132400212	SANDAG CRT Phase 2B	(1,780)	-	-	-	-	(1,780)	(b)
O37	902135600212	Bicycle Master Plan/Bike Sfty	-	-	-	(52,261)	-	(52,261)	(b)
		Total O37 Projects	(2,817)	-	-	(52,261)	-	(55,078)	
O38	902131500212	SRTS Calif ST-Lincoln/Palmquist	(111,878)	-	-	-	-	(111,878)	(b)
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	-	-	-	(36,088)	-	(36,088)	(b)
O38	902134600212	Traffic Sig Safety& Ped Access	-	-	-	(9,759)	-	(9,759)	(b)
O38	902135500212	Neighborhood Traffic Sfty Impr	-	-	-	(69,112)	-	(69,112)	(b)
		Total O38 Projects	(111,878)	-	-	(114,959)	-	(226,837)	
O40	902135400212	Mainline R/R Xing Sfty	-	-	-	(295,182)	-	(295,182)	(b)
		Total Congestion Relief	3,127,890	-	-	(5,362,076)	14,768	(2,219,418)	

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Maintenance:									
O18	425411212	Misc Traffic Markings	(37,325)	-	-	(90,715)	-	(128,040)	(b)
O18	425426212	Misc Street Projects	(1,807,872)	-	-	(1,014,402)	-	(2,822,274)	(b)
O18	425418212	Neighborhood Traffic Improvement	(55,029)	-	-	(66,940)	-	(121,969)	(b)
O18	902754200212	Street Restoration	(701,177)	-	-	-	-	(701,177)	(b)
O18	901126000212	Street Monumentation	(71,200)	-	-	(11,431)	-	(82,631)	(b)
Total O18 Projects			<u>(2,672,603)</u>	<u>-</u>	<u>-</u>	<u>(1,183,488)</u>	<u>-</u>	<u>(3,856,091)</u>	
O39	902135000212	Storm Drain Improv Design	-	-	-	(19,848)	-	(19,848)	(b)
O39	902135200212	Clementime Intrsrctn Rcnstrctn	-	-	-	(42,275)	-	(42,275)	(b)
O39	917141614212	Coco Palms Flood Imprvmnt	-	-	-	(32,885)	-	(32,885)	(b)
Total O39 Projects			<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,008)</u>	<u>-</u>	<u>(95,008)</u>	
Total Maintenance			<u>(2,672,603)</u>	<u>-</u>	<u>-</u>	<u>(1,278,496)</u>	<u>-</u>	<u>(3,951,099)</u>	
Total Local Street Improvements			<u>455,287</u>	<u>11,200</u>	<u>-</u>	<u>(6,651,772)</u>	<u>14,768</u>	<u>(6,170,517)</u>	
Bike and Pedestrian:									
O29	902132900212	Oblvd Transit Access	(160,732)	199,800	-	(868)	-	38,200	(e)
O30	902129800212	2-Year Educ/Encour/Awareness	(49,835)	100,895	-	(60,919)	-	(9,859)	(b)
O31A	836129700212	NCT Station Bikestation	(291)	73,622	-	(89,261)	-	(15,930)	(b)
Total Bike and Pedestrian			<u>(210,858)</u>	<u>374,317</u>	<u>-</u>	<u>(151,048)</u>	<u>-</u>	<u>12,411</u>	

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Senior Mini-Grant:							
O21	817130800212	Senior Transportation Grant	(5,409)	108,718	-	(103,309)	-	-	(f)
		Total Senior Mini-Grant	(5,409)	108,718	-	(103,309)	-	-	
		Interest Income	138,377	-	18,723	-	-	157,100	
		Total <i>TransNet</i> Extension	377,397	494,235	18,723	(6,906,129)	14,768	(6,001,006)	
		Subtotal <i>TransNet</i> and <i>TransNet</i> Extension	1,555,431	494,235	18,723	(7,037,611)	20,327	(4,948,895)	
		GASB 31 Market Value Adjustment	6,490	-	-	-	7,827	14,317	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ 1,561,921</u>	<u>\$ 494,235</u>	<u>\$ 18,723</u>	<u>\$ (7,037,611)</u>	<u>\$ 28,154</u>	<u>\$ (4,934,578)</u>	

Notes:

- (a) City Adjustment due to Federal-Aid Project Number 11-5079R through the Department of Transportation supplementing the cost to replace the bridge.
- (b) City will request a drawdown in FY16 to remove the deficit.
- (c) Reimbursement for work that was a developer obligation.
- (d) Project O25 is on-going. City Council approved a Resolution Number 16-R0323-1 on May 18, 2016, that requested to carry it forward into the 2016 RTIP, and program an additional \$1,590,000 in FY 2016-2017. This will allow the City to draw sufficient funds to remove the deficit.
- (e) Project is complete. \$38,200 excess reimbursement was returned to SANDAG on January 20, 2016.
- (f) Project is complete. All current Senior Mini Grant funds awarded through FY15 have been expended as of June 30, 2015.

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2015</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through						
SAN 54	N/A	Regional Arterial Management Systems	\$ 33,600	\$ -	\$ (33,600)	\$ -
		Total Congestion Relief Pass-Through	<u>33,600</u>	<u>-</u>	<u>(33,600)</u>	<u>-</u>
Congestion Relief:						
O17	905120100212	Loma Alta Creek Detention Basins	<u>2,100,000</u>	<u>-</u>	<u>(1,606,609)</u>	<u>493,391</u>
O24	902754200212	Street Restoration	<u>9,009,236</u>	<u>-</u>	<u>(10,481,046)</u>	<u>(1,471,810)</u>
O25	902111200212	Adp Signal TMC Traffic Mgmt Ctr	1,250,000	-	(1,671,666)	(421,666)
O25	902131300212	MssnAve Fiber-Optic Cable Design	<u>-</u>	<u>-</u>	<u>(28,670)</u>	<u>(28,670)</u>
		Total O25 Projects	<u>1,250,000</u>	<u>-</u>	<u>(1,700,336)</u>	<u>(450,336)</u>
O33	902131200212	Coast Hwy Corridor Study/EIR	286,778	-	(341,727)	(54,949)
O33	902131400212	Coast Hwy Restriping Trail	<u>10,365</u>	<u>-</u>	<u>(88,343)</u>	<u>(77,978)</u>
		Total O33 Projects	<u>297,143</u>	<u>-</u>	<u>(430,070)</u>	<u>(132,927)</u>
O36	902136000212	El Corazon Access @ ORnch Rd	<u>-</u>	<u>-</u>	<u>(80,639)</u>	<u>(80,639)</u>
		Subtotal Cogestion Relief	<u>12,656,379</u>	<u>-</u>	<u>(14,298,700)</u>	<u>(1,642,321)</u>

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Balance carried forward	\$ 12,656,379	\$ -	\$ (14,298,700)	\$ (1,642,321)
O37	425432212	SANDAG CRT Phase 2B	-	-	(1,037)	(1,037)
O37	902132400212	SANDAG CRT Phase 2B	-	-	(1,780)	(1,780)
O37	902135600212	Bicycle Master Plan/Bike Sfty	-	-	(52,261)	(52,261)
		Total O37 Projects	-	-	(55,078)	(55,078)
O38	902131500212	SRTS Calif ST-Lincoln/Palmquist	-	-	(111,878)	(111,878)
O38	902134400212	Ada Ramp Rplcmt/Sdwks In-fill	-	-	(36,088)	(36,088)
O38	902134600212	Traffic Sig Safety& Ped Access	-	-	(9,759)	(9,759)
O38	902135500212	Neighborhood Traffic Sfty Impr	-	-	(69,112)	(69,112)
		Total O38 Projects	-	-	(226,837)	(226,837)
O40	902135400212	Mainline R/R Xing Sfty	-	-	(295,182)	(295,182)
		Total Congestion Relief	12,656,379	-	(14,875,797)	(2,219,418)
		Maintenance:				
O18	425411212	Misc Traffic Markings	\$ 143,251	\$ -	\$ (271,291)	\$ (128,040)
O18	425426212	Misc Street Projects	2,550,833	-	(5,373,107)	(2,822,274)
O18	425418212	Neighborhood Traffic Improvement	387,190	-	(509,159)	(121,969)
O18	902754200212	Street Restoration	910,867	-	(1,612,044)	(701,177)
O18	901126000212	Street Monumentation	55,430	-	(138,061)	(82,631)
		Total O18 Projects	4,047,571	-	(7,903,662)	(3,856,091)

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Balance carried forward	\$ 4,047,571	\$ -	\$ (7,903,662)	\$ (3,856,091)
O39	902135000212	Storm Drain Improv Design	-	-	(19,848)	(19,848)
O39	902135200212	Clementime Intrsectn Rcnstrctn	-	-	(42,275)	(42,275)
O39	917141614212	Coco Palms Flood Imprvmnt	-	-	(32,885)	(32,885)
		Total O39 Projects	-	-	(95,008)	(95,008)
		Total Maintenance	4,047,571	-	(7,998,670)	(3,951,099)
		Total Local Street Improvements	16,737,550	-	(22,908,067)	(6,170,517)
		Bike and Pedestrian:				
O29	902132900212	Oblvd Transit Access	341,093	-	(302,893)	38,200
O30	902129800212	2-Year Educ/Encour/Awareness	127,291	-	(137,150)	(9,859)
O31A	836129700215	NCT Station Bikestation	73,622	-	(89,552)	(15,930)
		Total Bike and Pedestrian	542,006	-	(529,595)	12,411
		Senior Mini-Grant:				
O21	817130800212	Senior Transportation Grant	245,995	-	(245,995)	-
		Total Senior Mini-Grant	245,995	-	(245,995)	-
		Interest Income	-	164,798	(7,698)	157,100
		Subtotal Cumulative <i>TransNet</i> Extension	17,525,551	164,798	(23,691,355)	(6,001,006)

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2015</u>
		Balance carried forward	<u>\$ 17,525,551</u>	<u>\$ 164,798</u>	<u>\$ (23,691,355)</u>	<u>\$ (6,001,006)</u>
		Completed Projects:				
		Local Street Improvements:				
		Congestion Relief	1,598,038	-	(1,598,038)	-
		Maintenance	2,349,352	220	(2,349,572)	-
		Senior Mini-Grant	<u>511,087</u>	<u>13</u>	<u>(511,100)</u>	-
		Total Completed Projects	<u>4,458,477</u>	<u>233</u>	<u>(4,458,710)</u>	-
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 21,984,028</u>	<u>\$ 165,031</u>	<u>\$ (28,150,065)</u>	<u>\$ (6,001,006)</u>

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 8,120	\$ -	\$ (8,120)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	199,920	6,999	(206,919)	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	118,617	1,199	(119,816)	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	169,688	-	(169,688)	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	402,690	-	(402,690)	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	251,826	1,690	(253,516)	-	-	1,678
For Fiscal Year ended June 30, 2015	June 30, 2022	128,478	911	(129,389)	-	-	-
Total RTCIP Funds		\$ 1,279,339	\$ 10,799	\$ (1,290,138)	\$ -	\$ -	\$ 1,678

CITY OF POWAY, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2015

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. 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.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$1,187,529. We selected \$1,154,815 (97.25%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2015.
- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or

expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments included on Schedule A.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as the City did not have projects with a negative ending balance.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: This procedure is not applicable as the City did not have projects with a negative ending balance.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- I. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included on Schedule A.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.
8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual

apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2015 apportionment	\$1,416,578
Less: debt service payment	<u> -</u>
Net estimated apportionment	1,416,578
30% base	<u> 30%</u>
Fiscal year 2015 30% threshold	<u> 424,973</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	263,504
Maintenance fund balance	<u> 3,411</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> 266,915</u>
Fund balance under apportionment	<u>\$ 158,058</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$263,504	\$488,183	\$751,687
Maintenance	<u> 3,411</u>	<u> 18,313</u>	<u> 21,724</u>
Totals	<u>\$266,915</u>	<u>\$506,496</u>	<u>\$773,411</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City of Poway expended 29.77% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$6,559,770	\$461,016	\$7,020,786
Maintenance	2,998,900	10,009	3,008,909
Interest	<u>12,090</u>	<u>35,471</u>	<u>47,561</u>
 Total local street and road revenue	 <u>\$9,570,760</u>	 <u>\$506,496</u>	 <u>\$10,077,256</u>
 30% of total local street and road revenue			 3,023,177
Less maintenance expenditures incurred to date			 <u>3,000,133</u>
 Available maintenance funds			 <u>\$ 23,044</u>
 Cumulative percentage expended for maintenance			 <u>29.77%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$41,762,275</u>	<u>\$33,853,492</u>	<u>1.23</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.23.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$ 884,681
Growth rate	<u>1.23</u>
Adjusted MOE base as of June 30, 2015	<u>\$1,088,158</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$1,199,637
Less MOE base year requirement	<u>(884,681)</u>
Excess MOE for the year ended June 30, 2015	<u>\$ 314,956</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$18,022. We selected \$9,568 (53.09%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 14.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet*

Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 14, 2015.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: This procedure is not applicable as the City did not include any administrative projects in the RTIP.

- 16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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.

Daniel Farn LLP

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
POW 29	0407-4320D	Regional Arterial Management Systems	\$ -	\$ 7,300	\$ -	\$ (7,300)	\$ -	\$ -	
Total Congestion Relief Pass-Through			-	7,300	-	(7,300)	-	-	
Congestion Relief:									
POW 18	0411-4320B	Annual Street Overlay & Reconstruction	20,772	640,700	148	(638,977)	-	22,643	
POW 22	12009	Poway Road Corridor Study	350,000	-	2,013	(111,152)	-	240,861	
Total Congestion Relief			370,772	640,700	2,161	(750,129)	-	263,504	
Maintenance:									
POW 26	0411-4320C	Street Maintenance Project	3,411	-	-	(3,411)	-	-	(a) (b)
POW 27	0411-4320C	Street Maintenance Project	-	430,100	-	(426,689)	-	3,411	(a)
Total Maintenance			3,411	430,100	-	(430,100)	-	3,411	
Total Local Street Improvement			374,183	1,078,100	2,161	(1,187,529)	-	266,915	
Subtotal <i>TransNet</i> Extension			374,183	1,078,100	2,161	(1,187,529)	-	266,915	
GASB 31 Market Value Adjustment			670	-	(244)	-	-	426	
Total <i>TransNet</i> Extension			<u>\$ 374,853</u>	<u>\$ 1,078,100</u>	<u>\$ 1,917</u>	<u>\$ (1,187,529)</u>	<u>\$ -</u>	<u>\$ 267,341</u>	

Notes:

- (a) The expenditures for the City's Congestion Relief and Maintenance programs were substantially made during the first part of the fiscal year. However, due to cash flow constraints, *TransNet* funds were received evenly throughout the fiscal year. This resulted in an average negative cash balance for the fiscal year. Therefore, the funds received no interest allocation.
- (b) Project complete.

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
POW 29	0407-4320D	Regional Arterial Management Systems	\$ 21,900	\$ -	\$ (21,900)	\$ -
Total Congestion Relief Pass-Through			21,900	-	(21,900)	-
Congestion Relief:						
POW 18	0411-4320B	Annual Street Overlay & Reconstruction	661,472	148	(638,977)	22,643
POW 22	12009	Poway Road Corridor Study	350,000	2,013	(111,152)	240,861
Total Congestion Relief			1,011,472	2,161	(750,129)	263,504
Maintenance:						
POW 26	0411-4320C	Street Maintenance Project	1,340,120	-	(1,340,120)	-
POW 27	0411-4320C	Street Maintenance Project	430,100	-	(426,689)	3,411
Total Maintenance			1,770,220	-	(1,766,809)	3,411
Subtotal Cumulative <i>TransNet</i> Extension			2,803,592	2,161	(2,538,838)	266,915
Completed Projects:						
Local Street Improvements:						
Congestion Relief			5,526,398	5,285	(5,531,683)	-
Maintenance			1,228,680	4,644	(1,233,324)	-
Total Completed Projects			6,755,078	9,929	(6,765,007)	-
Total Cumulative <i>TransNet</i> Extension			\$ 9,558,670	\$ 12,090	\$ (9,303,845)	\$ 266,915

CITY OF POWAY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 78,000	\$ 5,741	\$ (46,830)	\$ -	\$ 36,911	\$ 54,594
For Fiscal Year ended June 30, 2010	June 30, 2017	10,295	699	-	-	10,994	10,913
For Fiscal Year ended June 30, 2011	June 30, 2018	158,156	5,917	-	-	164,073	162,861
For Fiscal Year ended June 30, 2012	June 30, 2019	6,369	183	-	-	6,552	6,504
For Fiscal Year ended June 30, 2013	June 30, 2020	30,310	630	-	-	30,940	30,711
For Fiscal Year ended June 30, 2014	June 30, 2021	17,672	286	-	-	17,958	17,825
For Fiscal Year ended June 30, 2015	June 30, 2022	20,336	76	-	-	20,412	-
Subtotal RTCIP Funds		321,138	13,532	(46,830)	-	287,840	283,408
GASB 31 Market Value Adjustment		-	426	-	-	426	521
Total RTCIP Funds		<u>\$ 321,138</u>	<u>\$ 13,958</u>	<u>\$ (46,830)</u>	<u>\$ -</u>	<u>\$ 288,266</u>	<u>\$ 283,929</u>

CITY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2015

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. 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.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$35,987,267. We selected \$9,760,592 (27.12%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: Indirect costs are allocated to RTIP projects at a rate that depends on the department of the employee that charged labor to the project. In total, ten city departments charged labor and applied indirect costs to projects in the RTIP. The indirect costs charged by departments ranged from 10.4% to 89.4%. The City's indirect cost plan is reviewed by the California Department of Transportation (Caltrans). The City's indirect cost rates have been approved by Caltrans through June 30, 2016. Caltrans has contracted with the State Controller's Office to perform an

audit of the City of San Diego's Indirect Cost Rate Proposal for the 2011 to 2016 fiscal years. This audit was subsequently performed and concluded in January 2016, with the final audit report yet to be issued. The methodology used is consistent with the previously approved methodology.

- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for the reason of inactivity.
Results: No exceptions were noted as a result of our procedures.
 - l. 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.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.
Results: No exceptions were noted as a result of our procedures.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.
Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.
Results: No exceptions were noted as a result of our procedures.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.
Results: No exceptions were noted as a result of our procedures.
8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual

apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as indicated below:

Fiscal year 2015 apportionment	\$30,009,805
Less: debt service payment	<u> -</u>
Net estimated apportionment	30,009,805
30% base	<u> 30%</u>
Fiscal year 2015 30% threshold	<u> 9,002,942</u>
Less:	
Local Streets and Roads fund balance	5,269,443
Local Street Improvement:	
Congestion Relief fund balance	(3,856,246)
Maintenance fund balance	<u> 18,894</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> 1,432,091</u>
Fund balance under apportionment	<u>\$ 7,570,851</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(3,856,246)	\$53,912,159	\$50,055,913
Maintenance	<u> 18,894</u>	<u> 1,634,159</u>	<u> 1,653,053</u>
Totals	<u>\$(3,837,352)</u>	<u>\$55,546,318</u>	<u>\$51,708,966</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 28.96% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$ 94,104,573	\$52,171,357	\$146,275,930
Maintenance	61,111,854	697,469	61,809,323
Interest	<u>23,972</u>	<u>2,677,492</u>	<u>2,701,464</u>
Total local street and road revenue	<u>\$155,240,399</u>	<u>\$55,546,318</u>	<u>\$210,786,717</u>
30% total local street and road revenue			63,236,015
Less maintenance expenditures incurred to date			<u>(61,050,298)</u>
Available maintenance funds			<u>\$ 2,185,717</u>
Cumulative percentage expended for maintenance			<u>28.96%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
 - i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	\$1,315,944,000	\$1,125,782,000	1.17

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.17.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Transit Bus Subsidies</u>	<u>Total</u>
Previously approved MOE base	\$19,384,257	\$143,433	\$772,157	\$20,299,847
Growth rate	<u>1.17</u>	<u>1.17</u>	<u>1.17</u>	<u>1.17</u>
Adjusted MOE base as of June 30, 2015	<u>\$22,679,581</u>	<u>\$167,817</u>	<u>\$903,424</u>	<u>\$23,750,822</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Transit Bus Subsidies</u>	<u>Total</u>
Current year local discretionary expenditures	\$31,169,794	\$181,102	\$997,729	\$32,348,625
Less MOE base year requirement	<u>(19,384,257)</u>	<u>(143,433)</u>	<u>(772,157)</u>	<u>(20,299,847)</u>
Excess MOE for the year ended June 30, 2015	<u>\$11,785,537</u>	<u>\$ 37,669</u>	<u>\$225,572</u>	<u>\$12,048,778</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$4,458,968. We selected \$3,850,073 (86.34%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 14.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: The City spent 1.03% of program revenue for fund administration services for the year ended June 30, 2015. No exceptions were noted as a result of our procedures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 13, 2015.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: No exceptions were noted as a result of our procedures.

16. 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.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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.

Daniel Furr CPA

Irvine, California
April 28, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
 TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet:									
Highways:									
CAL 28	524632	SR 56/Black Mountain Road	\$ 2,509,085	\$ -	8,085	\$ -	\$ -	\$ 2,517,170	(a)
Total Highways			\$ 2,509,085	\$ -	\$ 8,085	\$ -	\$ -	\$ 2,517,170	
Local Streets and Roads:									
SD01	527130	Alvarado Canyon Rd Realignment	\$ 120,758	\$ -	\$ -	\$ -	\$ (120,758)	\$ -	(b)(c)
SD06	525920	Aldine Drive and Fairmount Ave. Slope Restoration	2,484	-	-	-	-	2,484	(a)
SD09	527150	New Walkways	246,933	-	-	(38,689)	(191,919)	16,325	(c)
SD09	B-14031	Sidewalk Replacement and Repair - AA	-	-	-	(16,325)	-	(16,325)	
Total SD09 Projects			246,933	-	-	(55,014)	(191,919)	-	
SD15	522930	Street Light Installation	156,727	-	-	(82,356)	409,680	484,051	(c)(d)
SD16A	630020	Traffic Signal Controllers - AA	1,045	-	-	-	-	1,045	(a)
SD16A	680010	Cooperative Projects - AA	84,911	-	-	-	-	84,911	(a)
SD16A	680110	Modernize top 5-10 Prioritized Traffic Signals	439,872	-	-	(253,681)	-	186,191	
Total SD16A Projects			525,828	-	-	(253,681)	-	272,147	
Subtotal Local Streets and Roads			1,052,730	-	-	(391,051)	97,003	758,682	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 1,052,730	\$ -	\$ -	\$ (391,051)	\$ 97,003	\$ 758,682	
SD17	680060	Guard Rails - AA	192,109	-	-	(88,595)	(3,768)	99,746	(c)
SD18	610010	Signal Installation - AA	129,494	-	-	(162,420)	418,135	385,209	(c)(d)
SD19	525880	Streamview Drive	262,560	-	-	(104)	(252,808)	9,648	(c)
SD23	130050	Emergency Drainage Projects - AA	(161,919)	-	-	(35,090)	445,133	248,124	(c)(d)(e)
SD24	525450	Coastal Erosion - AA	(3,769)	-	-	-	3,769	-	(b)(c)
SD29	524090	43rd Street Widening - Logan Avenue to I-805	391,228	-	-	-	(391,228)	-	(a)(c)
SD38	525550	Georgia Street Bridge/University Ave Separation Replacement	1,560,041	-	-	(214,172)	(1,340,880)	4,989	(c)
SD49	S11057	Florida Drive Median Improvement	-	-	-	(17,844)	-	(17,844)	(f)
SD70	526430	West Mission Bay Drive Bridge Over San Diego	122,300	-	-	-	(122,300)	-	(c)
SD83	524550	SR 163 @ Friars Road	127,758	-	-	(251)	(126,801)	706	(c)
SD92	392163	Washington St and India	5,148	-	-	-	(5,148)	-	(b)(c)
SD96	370280	Resurfacing City Streets	-	-	-	(2,277)	934,142	931,865	(c)(e)
SD97	680170	Annual Allocation - Install City St Lights in High Crime Areas	377,689	-	-	(1,070)	(365,511)	11,108	(c)
SD99	525190	Bridge rails - AA	123,262	-	-	(27,840)	(78,109)	17,313	(c)
SD101	525540	First Avenue Bridge Over Maple Canyon Rehabilitation	332,577	-	-	-	(332,577)	-	(b)(c)
SD103	523720	I-5/Genesee Ave Interchange	-	-	-	(101,927)	101,927	-	(c)(d)
SD106	527190	Mission Beach Boardwalk	85,996	-	-	(63,967)	43,057	65,086	(c)(e)
SD112	524790	Via de La Valle, San Andreas Rd to El Camino Real	30,566	-	-	(29,762)	2,251	3,055	(c)
		Subtotal Local Streets and Roads	<u>4,627,770</u>	<u>-</u>	<u>-</u>	<u>(1,136,370)</u>	<u>(973,713)</u>	<u>2,517,687</u>	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 4,627,770	\$ -	\$ -	\$ (1,136,370)	\$ (973,713)	\$ 2,517,687	
SD114	581470	Rose Creek Bikeway	217,784	-	-	-	(217,784)	-	(a)(c)
SD120	581910	San Diego River Multi-Use Bicycle and Pe	-	-	-	(3,424)	3,424	-	(c)
SD127	540120	Shoal Creek Pedestrian Bridge - Phase I	20,091	-	-	(7,253)	41,045	53,883	(c)
SD129	527660	University Ave Mobility Study	(16)	-	-	-	11,815	11,799	(c)(d)
SD130	527630	Skyline Drive - Street Enhancement	205,278	-	-	-	(205,278)	-	
SD133	526760	Vista Sorrento Pkwy @I-805 Modification	404,411	-	-	-	(382,501)	21,910	(b)(c)(f)
SD135	530381	North Harbor Drive Bridge over Navy Estuary	75,394	-	-	-	(75,394)	-	(a)(c)
SD137	527640	Palm Avenue/SR 75 Concept Study	177,272	-	-	-	(177,272)	-	(a)(c)
SD139	530610	Laurel Street Bridge Over	177,936	-	-	(9,821)	-	168,115	
SD154	527800	La Jolla Mesa Drive Sidewalk	(15,553)	-	-	(55,812)	104,406	33,041	(c)(d)
SD156	527740	35th & 34th @Madison	2,940	-	-	-	(2,940)	-	(a)(c)
SD157	527730	Cherokee Street Improvements	1,253	-	-	-	(1,253)	-	(a)(c)
SD161	590230	Preliminary Engineering for Congestion Relief Projects	639,989	-	-	-	(639,989)	-	(a)(c)
SD162	298650	Home Avenue Improvements	-	-	-	-	-	-	(a)
SD164	526790	Miramar Road	764,061	-	-	(68,131)	(36,294)	659,636	(c)
SD166	582040	Minor Bicycle Facilities	(54,849)	-	-	(41,000)	135,961	40,112	(c)(e)
SD171	582030	Taylor St Bikeway	247,126	-	-	-	(247,126)	-	(b)(c)
SD172	590210	Transportation Grant Matches	402,682	-	-	-	(402,682)	-	(a)(c)
		Subtotal Local Streets and Roads	7,893,569	-	-	(1,321,811)	(3,065,575)	3,506,183	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 7,893,569	\$ -	\$ -	\$ (1,321,811)	\$ (3,065,575)	\$ 3,506,183	
SD173	527820	38th Improvements	5,995	-	-	-	(5,995)	-	(a)(c)
SD175	135010	Talbot Street Slope restoration	141,722	-	-	(25,980)	(10,182)	105,560	(c)
SD208	S00602	Juan Street - Concrete Street	(74,729)	-	-	(433,723)	2,258,560	1,750,108	(c)(d)
SD210	S00988	Five Points Neighborhood Pedestrian Impr	(1,645)	-	-	-	1,645	-	(c)
SD212	S11033	Holly Dr. Street Improvements	-	-	-	(140,000)	140,000	-	(c)(d)
SD215	S12030	FY12 Asphalt Overlay Group 1	(642,921)	-	-	-	660,047	17,126	(b)(c)(d)(f)
SD216	S12031	FY12 Asphalt Overlay Group 2	2,674	-	-	-	(2,674)	-	(c)(b)
SD219	S10130	Stockton Street Lights	15,172	-	-	-	(15,172)	-	(c)
SD226	S00870	Old Otay Road Westerly	-	-	-	(36,656)	39,346	2,690	(c)(d)
		Subtotal Local Streets and Roads	<u>7,339,837</u>	<u>-</u>	<u>-</u>	<u>(1,958,170)</u>	<u>-</u>	<u>5,381,667</u>	
		Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,224)</u>	<u>(112,224)</u>	(g)
		Total Local Streets and Roads	7,339,837	-	-	(1,958,170)	(112,224)	5,269,443	
		GASB 31 Market Value Adjustment	<u>(106,258)</u>	<u>-</u>	<u>653</u>	<u>-</u>	<u>112,224</u>	<u>6,619</u>	(g)
		Total Local Streets and Roads with GASB 31 Market Value Adjustment	<u>\$ 7,233,579</u>	<u>\$ -</u>	<u>\$ 653</u>	<u>\$ (1,958,170)</u>	<u>\$ -</u>	<u>\$ 5,276,062</u>	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Bikes and Pedestrian:									
SAN21	581420	San Diego Bike Path Design	\$ 12,482	\$ -	\$ 158	\$ -	\$ (12,640)	\$ -	(b)(h)
SD14	581270	State Route 15 Bikeway Study	57,231	-	244	-	-	57,475	(a)
SD108	285036/ 581400	Bayshore Bikeway Feasibility Study (Non CIP)	31,458	-	134	-	-	31,592	(a)
SD114	581470	Rose Creek / Pedestrian Bridge	121,367	-	518	-	-	121,885	(a)
SD120	581910	San Diego River Multi-Use	4,411	-	19	-	-	4,430	(a)
SD121	581880	Balboa Avenue / Tierrasanta Blvd Bikeway	109,087	-	465	-	-	109,552	(b)(i)
SD122	524631/ 581710	State Route 56 Bike Path	102,756	-	438	(13,515)	-	89,679	
SD122	581760	Darkwood Canyon Connector Study	148	-	1	-	(149)	-	(b)(h)
		Total SD122 Projects	102,904	-	439	(13,515)	(149)	89,679	
SD141	580890	Poway Road Bike Path	397,756	-	1,698	(319,409)	-	80,045	
SD143	581990	Rancho Bernardo Bikeway	197,683	-	844	(1,300)	-	197,227	
SD145	127004	Prop A Bicycle Safety Education	34,623	-	148	-	-	34,771	(b)(i)
		Subtotal Bikes and Pedestrians	1,069,002	-	4,667	(334,224)	(12,789)	726,656	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 1,069,002	\$ -	\$ 4,667	\$ (334,224)	\$ (12,789)	\$ 726,656	
V02	581620	Coastal Rail Trail	126,119	-	538	-	-	126,657	(a)
		Subtotal Bikes and Pedestrians	1,195,121	-	5,205	(334,224)	(12,789)	853,313	
		Interest Income	-	-	-	-	(10,048)	(10,048)	(g)
		Total Bikes and Pedestrian	1,195,121	-	5,205	(334,224)	(22,837)	843,265	
		GASB 31 Market Value Adjustment	(8,963)	-	11	-	10,048	1,096	(g)
		Total Bikes and Pedestrian with GASB 31 Market Value Adjustment	\$ 1,186,158	\$ -	\$ 5,216	\$ (334,224)	\$ (12,789)	\$ 844,361	
		Total <i>TransNet</i> before GASB 31	\$ 11,044,043	\$ -	\$ 13,290	\$ (2,292,394)	\$ (135,061)	\$ 8,629,878	
		GASB 31 Market Value Adjustment - Total	(115,221)	-	664	-	122,272	7,715	
		Total <i>TransNet</i> with GASB 31 Market Value Adjustments	\$ 10,928,822	\$ -	\$ 13,954	\$ (2,292,394)	\$ (12,789)	\$ 8,637,593	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Non-TransNet (Fund Deficits Covered by "Other Revenues")									
Additional TransNet Activity - Non Project Specific									
OTHER	Other	Other Revenues	\$ 121,647	\$ -	\$ -	\$ -	\$ -	\$ 121,647	
		Total Non Project Specific Activity	<u>121,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,647</u>	
Other (Non-TransNet) Streets and Roads:									
SD107	524710	North Torrey Pines Road at Genesee	1,054	-	-	(643)	-	411	
		Total Other (Non-TransNet) Streets and Roads	<u>1,054</u>	<u>-</u>	<u>-</u>	<u>(643)</u>	<u>-</u>	<u>411</u>	
		Total Non-TransNet (Fund Deficits Covered By "Other Revenue")	<u>\$ 122,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (643)</u>	<u>\$ -</u>	<u>\$ 122,058</u>	
TransNet Extension:									
Major Corridor:									
SD108	581400	Bayshore Bikeway	\$ 284,344	\$ -	\$ 1,509	\$ (8,214)	\$ -	\$ 277,639	
		Total Major Corridor	<u>284,344</u>	<u>-</u>	<u>1,509</u>	<u>(8,214)</u>	<u>-</u>	<u>277,639</u>	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPOP ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SD16A	N/A	Regional Arterial Management Systems	\$ -	\$ 67,600	\$ -	\$ (67,600)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	67,600	-	(67,600)	-	-	
Congestion Relief:									
SD01	527130	Alvarado Road Realignment	60,951	-	-	-	(45,117)	15,834	(b)(c)
SD06	525920	Aldine Drive Slope Reconstruction	1,374,750	-	-	(73,517)	-	1,301,233	
SD09	370640	Americans with Disabilities Improvements (ARRA)	(25,944)	38,352	-	(11,463)	-	945	
SD09	A-IK.00001	New Walkways (ARRA)	103,676	73,799	-	(182,684)	-	(5,209)	(j)
SD09	527150	No. & So. Side Ridgehaven Ct Sidewalk	47,562	-	-	-	-	47,562	(a)
SD09	527150	New Walkways	(252,330)	1,419,585	-	(1,171,366)	-	(4,111)	(j)
		Total SD09 Projects	(127,036)	1,531,736	-	(1,365,513)	-	39,187	
SD14	581270	SR 15 Bikeway	4,806	59,879	-	-	(64,685)	-	(k)
SD14	581271	40th St. Promenade - Mid City Urban Trail	(15,000)	10,194	-	-	4,806	-	(k)
SD14	581272	Cherokee Traffic Calming	(59,879)	-	-	-	59,879	-	(k)
		Total SD14 Projects	(70,073)	70,073	-	-	-	-	
		Subtotal Congestion Relief	1,238,592	1,601,809	-	(1,439,030)	(45,117)	1,356,254	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 1,238,592	\$ 1,601,809	\$ -	\$ (1,439,030)	\$ (45,117)	\$ 1,356,254	
SD15	522930	Street Lights - Smart Growth Areas	4,916	187,031	-	(230,760)	-	(38,813)	(j)
SD16A	623310	Traffic Signal Interconnect Projects	(31,771)	151,843	-	(120,936)	-	(864)	(j)
SD16A	630020	Traffic Signals - Replace Obsolete Controllers	33,100	32,741	-	(65,841)	-	-	
SD16A	680010	Cooperative Signal Projects	(31,192)	45,212	-	(14,020)	-	-	
SD16A	680100	Traffic Signals - Citywide	(624)	383,773	-	(409,315)	-	(26,166)	(j)
SD16A	680110	Traffic Signals - Modifications/Modernization	(370,919)	1,354,659	-	(1,017,607)	-	(33,867)	(j)
SD16A	680110	Traffic Signals - Modifications/ Modernization (ARRA)	26,044	-	-	(5,493)	-	20,551	
		Total SD16A Projects	(375,362)	1,968,228	-	(1,633,212)	-	(40,346)	
SD18	610010	Traffic Control/Calmng Measures - Smart Growth Areas	(293,804)	506,163	-	(235,345)	-	(22,986)	(j)
SD19	525880	Streamview Drive	(3,294)	172,572	-	(179,330)	-	(10,052)	(j)
SD23	130050	Z St Natural Storm Drain	36,344	583,319	-	(561,175)	-	58,488	
SD23	130050	Drainage Projects (ARRA)	-	163,736	-	(172,855)	-	(9,119)	
		Total SD23 Projects	36,344	747,055	-	(734,030)	-	49,369	
		Subtotal Congestion Relief	607,392	5,182,858	-	(4,451,707)	(45,117)	1,293,426	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 607,392	\$ 5,182,858	\$ -	\$ (4,451,707)	\$ (45,117)	\$ 1,293,426	
SD29	524090	43rd Street Widening	(3,132)	73,749	-	(65,167)	-	5,450	
SD31	525170	Carmel Valley Road	19,411	-	-	(23,870)	45,117	40,658	(c)
SD32	523920	Carroll Cnyn Rd Sorrento Valley Rd to I-805	(19,811)	22,849	-	(6,245)	-	(3,207)	(j)
SD34	524790	El Camino Real Road and Bridge Widening	74,662	-	-	(38,708)	-	35,954	
SD38	525550	Georgia St Bridge & University Ave	(18,209)	481,178	-	(439,353)	-	23,616	
SD49	524060	Thorn Street Median Improvements (ARRA)	12,882	-	-	-	-	12,882	(b)(f)
SD49	528080	Median Installation	(9,557)	321,750	-	(322,399)	-	(10,206)	(j)
		Total SD49 Projects	3,325	321,750	-	(322,399)	-	2,676	
SD51	530500	North Torrey Pines Road Bridge over Los Penasquitos Creek	11,423	108,300	-	(113,008)	-	6,715	
SD70	526430	West Mission Bay Drive Bridge over San Diego River	14,222	281,785	-	(409,414)	-	(113,407)	(j)
		Subtotal Congestion Relief	689,283	6,472,469	-	(5,869,871)	-	1,291,881	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 689,283	\$ 6,472,469	\$ -	\$ (5,869,871)	\$ -	\$ 1,291,881	
SD83	524550	State Route 163 and Friars Road, Phase I	(139,257)	717,523	-	(558,951)	-	19,315	
SD86	121520	Famosa Slough Salt Marsh Restoration	(3,271)	13,838	-	(1,261)	-	9,306	
SD90	527450	Clairemont Mesa/SR163	(391,848)	515,457	-	(119,832)	-	3,777	
SD92	390860	Azalea Park Rdway Improvements and Neighborhood ID	25,217	-	-	(3,083)	-	22,134	
SD96	AID.00005	Resurfacing of City Streets	-	822,368	-	(6,303,151)	-	(5,480,783)	(j)
SD97	S-10154	Kelton Road Ped Improv.	(852)	852	-	-	-	-	
SD97	680170	School Traffic Safety Improvements	(55,705)	170,751	-	(107,779)	780	8,047	(k)
SD97	L-10010	Safe Route to School Sidewalks Nestor Berry	780	-	-	-	(780)	-	(b)(k)
		Total SD97 Projects	(55,777)	171,603	-	(107,779)	-	8,047	
SD99	525190	Bridge Rehabilitation	45,180	-	-	(29,711)	-	15,469	
		Subtotal Congestion Relief	169,527	8,713,258	-	(12,993,639)	-	(4,110,854)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 169,527	\$ 8,713,258	\$ -	\$ (12,993,639)	\$ -	\$ (4,110,854)	
SD102A	S11060	Otay Mesa Truck Route Phase 4	453,525	-	-	(131,934)	-	321,591	
SD103	S00839	Intstate 5/Genesse Ave Widening	579,000	500,000	-	(1,079,000)	-	-	
SD106	S00726	Mission Beach Boardwalk Bulkhead	-	-	-	(13,870)	-	(13,870)	(j)
SD108	581400	Bayshore Bikeway	(76,791)	83,742	-	(6,319)	-	632	
SD108	581400	Bayshore Bikeway (ARRA)	(50,758)	69,782	-	(18,122)	-	902	
		Total SD108 Projects	(127,549)	153,524	-	(24,441)	-	1,534	
SD113	527650	Sorrento valley Rd & I-5 Interchange	(16,722)	107,441	-	(100,178)	-	(9,459)	(j)
SD114	581470	Rose Creek Bikeway (ARRA)	(7,218)	89,830	-	(75,102)	-	7,510	(a)
SD120	581910	San Diego River Multi-Use Bicycle Pedestrian Path	(267,026)	295,453	-	(30,287)	-	(1,860)	(j)
SD120A	581910	Hazard Center Road Bike Path Study at SR 163	25,363	-	-	-	-	25,363	
		Subtotal Congestion Relief	808,900	9,859,506	-	(14,448,451)	-	(3,780,045)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 808,900	\$ 9,859,506	\$ -	\$ (14,448,451)	\$ -	\$ (3,780,045)	
SD127	540120	Shoal Creek Pedestrian Bridge	(162,539)	442,927	-	(225,230)	-	55,158	(c)
SD127	540120	Shoal Creek Pedestrian Bridge (ARRA)	(139,279)	507,610	-	(368,331)	-	-	(c)
		Total SD127 Projects	(301,818)	950,537	-	(593,561)	-	55,158	
SD129	527660	University Avenue Mobility Project	21,186	-	-	(6,033)	-	15,153	
SD129	527660	University Avenue Mobility Project (ARRA)	(15,350)	34,009	-	(31,581)	-	(12,922)	(j)
		Total SD129 Projects	5,836	34,009	-	(37,614)	-	2,231	
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St.	2,674	-	-	-	-	2,674	(b)(f)
SD133	526760	Mira Sorrento Place (Biological Monitoring)	41,128	-	-	-	-	41,128	(b)(f)
		Subtotal Congestion Relief	556,720	10,844,052	-	(15,079,626)	-	(3,678,854)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 556,720	\$ 10,844,052	\$ -	\$ (15,079,626)	\$ -	\$ (3,678,854)	
SD137	527640	Palm Avenue Roadway Improvements	88,590	1,339,517	-	(1,591,506)	-	(163,399)	(j)
SD139	530610	Laurel Street (Cabrillo) Bridge over SR 163	590	-	-	-	-	590	
SD141	580890	Poway Road Bike Path	-	960,713	-	(969,788)	-	(9,075)	(j)
SD153	623320	25th Street Renaissance Project	(395,098)	1,176,718	-	(1,061,625)	-	(280,005)	(j)
SD156	527740	34th & 35th at Madison Improvements	(23,876)	125,280	-	(104,703)	-	(3,299)	(j)
SD157	527730	Cherokee Street Improvements	(149)	207,260	-	(216,287)	-	(9,176)	(j)
SD162	298650	Home Avenue Street Improvements	(2,671)	351,175	-	(397,321)	-	(48,817)	(j)
SD166	582040	Minor Bicycle Facilities	(5,334)	354,444	-	(359,063)	-	(9,953)	(j)
SD173	527820	38th Street Improvements	35,710	-	-	-	-	35,710	
SD173	527820	38th Street Improvements (ARRA)	(54,695)	764,936	-	(648,949)	-	61,292	
		Total SD173 Projects	(18,985)	764,936	-	(648,949)	-	97,002	
		Subtotal Congestion Relief	199,787	16,124,095	-	(20,428,868)	-	(4,104,986)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 199,787	\$ 16,124,095	\$ -	\$ (20,428,868)	\$ -	\$ (4,104,986)	
SD175	135010	Talbot Street Slope Reconstruction	(116,748)	692,143	-	(531,452)	-	43,943	
SD179	527540	Linda Vista Road and Genesee Avenue	(3,072)	46,795	-	(80,872)	-	(37,149)	(j)
SD186	002000	Administrative Expenses - Comptrollers	-	132,832	-	(96,603)	(24,639)	11,590	(k)
SD186	002150	Administrative Expenses - Engineering	2,751	89,305	-	(133,631)	24,639	(16,936)	(j)(k)
		Total SD186 Projects	2,751	222,137	-	(230,234)	-	(5,346)	
SD188	003710	Congestion Relief /Traffic Signal Operations	2,442	1,200,000	-	(1,200,000)	-	2,442	
SD196	S-00613	Torrey Pines Improvements Phase I	-	287,795	-	(287,792)	-	3	
SD196	S-00613	Torrey Pines Improvements Phase I (ARRA)	(1,723)	74,714	-	(64,775)	-	8,216	
		Total SD196 Projects	(1,723)	362,509	-	(352,567)	-	8,219	
SD198	581272	Cherokee Traffic Calming	3,119	-	-	-	-	3,119	(a)
SD205	S11054	Park Blvd and Essex Street	(19,927)	19,927	-	-	-	-	(b)
		Subtotal Congestion Relief	66,629	18,667,606	-	(22,823,993)	-	(4,089,758)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ 66,629	\$ 18,667,606	\$ -	\$ (22,823,993)	\$ -	\$ (4,089,758)	
SD207	S-11056	Fourth Ave/Fifth Avenue & Nutmeg St	1,347	-	-	-	-	1,347	(a)
SD208	S00602	Juan Street - Concrete Street	2,685	467,933	-	(494,857)	-	(24,239)	(j)
SD209	526740	Torrey Pines Road Slope Reconstruction	(12,836)	156,532	-	(135,664)	-	8,032	
SD210	640050	Five Points Neighborhood Pedestrian Impr	(19,532)	19,532	-	(103,072)	-	(103,072)	(j)
SD215	S-12030	FY12 Asphalt Group 1	85,386	-	-	-	-	85,386	(b)(f)
SD216	S-12031	FY12 Asphalt Group 2	183,055	-	-	-	-	183,055	(b)
SD216	S-12031	FY12 Asphalt Group 2 (ARRA)	16,718	-	-	-	-	16,718	(b)
		Total SD216 Projects	199,773	-	-	-	-	199,773	
SD226	S-00870	Old Otay Road Westerly	-	-	-	(31,490)	-	(31,490)	(j)
		Interest income - Congestion Relief 70%	(852)	-	15,609	-	83,018	97,775	(g)
		Total Congestion Relief	322,600	19,379,203	15,609	(23,656,676)	83,018	(3,856,246)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Maintenance:									
SD176	002500	Maintenance	\$ -	\$ 8,912,970	\$ -	\$ (8,912,970)	\$ -	\$ -	
		Interest Income - Maintenance 30%	12,205	-	6,689	-	-	18,894	
		Total Maintenance	12,205	8,912,970	6,689	(8,912,970)	-	18,894	
		Total Local Street Improvements	334,805	28,292,173	22,298	(32,569,646)	83,018	(3,837,352)	
Bikes and Pedestrian:									
SD221	1000408-2013	SD River Bike Path & Mission Ctr Blvd. Impr	(68,820)	250,950	-	(216,281)	-	(34,151)	(j)
SD222	1000405-2013	Chollas Crk to Bayshore Bkwy - Multi-Use	(164,372)	142,210	-	(139,469)	-	(161,631)	(j)
SD223	1000409-2013	Microwave Bicycle Detection (The Intersector)	(194,094)	182,394	-	(4,989)	16,689	-	(l)
SD224	5001740	Downtown Complete Street Mobility Plan	-	110,246	-	(125,604)	(34,096)	(49,454)	(m)(n)
SD225	1000406-2013	Linda Vista CATS	-	87,184	-	(132,195)	-	(45,011)	(j)
		Total Bikes and Pedestrian	(427,286)	772,984	-	(618,538)	(17,407)	(290,247)	
Smart Growth:									
SD201	1000275-2010	Smart Growth - BRT	(17,475)	17,475	-	-	-	-	
SD202	1000274-2010	Smart Growth - Chollas	(111,815)	62,363	-	(56,078)	-	(105,530)	(j)
		Subtotal Smart Growth	(129,290)	79,838	-	(56,078)	-	(105,530)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward	\$ (129,290)	\$ 79,838	\$ -	\$ (56,078)	\$ -	\$ (105,530)	
SD203	1000293-2010	SGIP Euclid & Market	(130,274)	130,274	-	-	-	-	
SD204	1000294-2010	SGIP Comm & Imperial	(70,802)	70,802	-	-	-	-	
SD214	1000426-2014	Park Blvd./City College/San Diego High	(4,798)	53,181	-	(59,089)	-	(10,706)	(j)
SD227	1000401-2013	Morena Blvd Stn Study Ph 2	-	-	-	(56,831)	-	(56,831)	(j)
SD228	1000402-2013	The Complete Blvd Planning Study	-	-	-	(39,280)	-	(39,280)	(j)
SD229	5004285	Island Ave Green Street Mobility Improvements	-	-	-	(111,088)	-	(111,088)	(m)
SD230	5004286	Downtown SD Wayfinding Signage	-	-	-	(76,904)	-	(76,904)	(m)
SD231	5004288	East Village Green/14th Street Promenade Master Plan	-	89,284	-	(99,205)	-	(9,921)	(m)
		Total Smart Growth	(335,164)	423,379	-	(498,475)	-	(410,260)	
		Environmental Mitigation:							
V08	1000323-2011	San Pasqual Valley Weed Management	(6,940)	-	-	-	6,940	-	(o)
		Total Environmental Mitigation	(6,940)	-	-	-	6,940	-	
		Total <i>TransNet</i> Grant Programs	(769,390)	1,196,363	-	(1,117,013)	(10,467)	(700,507)	
		Total <i>TransNet</i> Extension	(150,241)	29,488,536	23,807	(33,694,873)	72,551	(4,260,220)	
		GASB 31 Market Value Adjustment	87,116	-	(548)	-	(83,018)	3,550	(g)
		Total <i>TransNet</i> Extension with GASB 31 Market Value Adjustment	\$ (63,125)	\$ 29,488,536	\$ 23,259	\$ (33,694,873)	\$ (10,467)	\$ (4,256,670)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 10,893,802	\$ 29,488,536	\$ 37,097	\$ (35,987,267)	\$ (62,510)	\$ 4,369,658	
		GASB 31 Market Value Adjustment	(28,105)	-	116	-	39,253	11,264	
		Total <i>TransNet</i> and <i>TransNet</i> Extension with GASB 31 Market Value Adjustment	\$ 10,865,697	\$ 29,488,536	\$ 37,213	\$ (35,987,267)	\$ (23,257)	\$ 4,380,922	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
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Notes:

- (a) Estimated completed dates for projects: CAL28 6/30/2016; SD06 6/30/2016; SD16A funds expended as needed in Annual Project; SD29 6/30/2017; SD114 6/30/2016; SD135 12/31/2016; SD137 6/30/2017; SD156 6/30/2016; SD157 6/30/2016; SD161 funds expended as needed in Annual Project; SD162 6/30/2016; SD172 funds expended as needed in Annual Project; SD173 6/30/2016; SD14 6/30/2016; SD108 6/30/2020; SD120; 6/30/2016; V02 6/30/2018; SD09 funds expended as needed in Annual Project: SD198 6/30/2016; SD207 6/30/2016.
- (b) Project complete.
- (c) The City obtained Council approval R-309677 authorizing transfers between projects.
- (d) Approved in RTIP Amendment for LSR: SD15 & SD18 RTIP#14-05; SD23 RTIP#14-00 for \$275,000; SD103, SD129 & SD154 RTIP#14-00; SD208, SD212 & SD215 RTIP#12-05; SD226 RTIP#12-06
- (e) RTIP Amendment #14-13 is scheduled for approval in July 2016 and includes LSR projects SD23 for \$170,358 and SD96, SD106 and SD166.
- (f) Pending Council's approval to reallocate unexpended principal balance in completed projects will be made in FY16 - *TransNet* Extension.
- (g) GASB 31 unrealized gain recorded with interest up to 6/30/2010.
- (h) The excess funds were returned to SANDAG in FY15.
- (i) Completed SANDAG Grants that will be refunded after the FY15 report has been completed and a request for refund is received from SANDAG.
- (j) To remove the deficit balance, the City will submit for reimbursement in FY16.
- (k) Reallocation within same MPO ID number and fund.
- (l) \$16,689 of overhead expenditures claimed on grant 100409-2013 in a previous year were disallowed by SANDAG. Therefore, the expenditure shortfall was reimbursed by the City's General Fund and is recorded as a City Adjustment.
- (m) The City is monitoring the SANDAG Grants managed by Civic San Diego. The current deficit balances are from outstanding reimbursement claims and retainage being withheld by SANDAG.
- (n) Civic San Diego Grant was added in the current year with prior year activity recorded as a City Adjustment.
- (o) The City overbilled the Grant by \$6,940 prior to FY15 because the City had overlooked withheld retention.

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:						
Major Corridor:						
SD108	581400	Bayshore Bikeway	\$ 3,774,000	\$ 255,540	\$ (3,751,901)	\$ 277,639
Total Major Corridor			<u>3,774,000</u>	<u>255,540</u>	<u>(3,751,901)</u>	<u>277,639</u>
Local Street Improvements:						
Congestion Relief - Pass-Through:						
Regional Arterial Management Systems			<u>202,800</u>	-	<u>(202,800)</u>	-
Total Congestion Relief - Pass-Through			<u>202,800</u>	-	<u>(202,800)</u>	-
Congestion Relief:						
SD01	527130	Alvarado Road Realignment	<u>54,883</u>	<u>(425)</u>	<u>(38,624)</u>	<u>15,834</u>
SD06	525920	Aldine Drive Slope Reconstruction	<u>2,119,922</u>	<u>(27,850)</u>	<u>(790,839)</u>	<u>1,301,233</u>
SD09	370640	Americans with Disabilities Improvements (ARRA)	546,706	(5,108)	(540,653)	945
SD09	A-IK.00001	New Walkways (ARRA)	1,783,656	(8,383)	(1,780,482)	(5,209)
SD09	527150	No. & So. Side Ridgehaven Ct Sidewalk	348,928	(2,757)	(298,609)	47,562
SD09	527150	New Walkways	<u>2,607,294</u>	-	<u>(2,611,405)</u>	<u>(4,111)</u>
Total SD09 Projects			<u>5,286,584</u>	<u>(16,248)</u>	<u>(5,231,149)</u>	<u>39,187</u>
Subtotal Congestion Relief			<u>7,461,389</u>	<u>(44,523)</u>	<u>(6,060,612)</u>	<u>1,356,254</u>

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Balance carried forward	\$ 7,461,389	\$ (44,523)	\$ (6,060,612)	\$ 1,356,254
SD14	581270	SR 15 Bikeway	103,857	(178)	(103,679)	-
SD14	581271	40th St. Promenade - Mid City Urban Trail	66,337	-	(66,337)	-
SD14	581272	Cherokee Traffic Calming	59,879	-	(59,879)	-
		Total SD 14 Projects	<u>230,073</u>	<u>(178)</u>	<u>(229,895)</u>	<u>-</u>
SD15	522930	Street Lights - Smart Growth Areas	<u>498,031</u>	<u>(4,702)</u>	<u>(532,142)</u>	<u>(38,813)</u>
SD16A	623310	Traffic Signal Interconnect Projects	294,994	(1,572)	(294,286)	(864)
SD16A	630020	Traffic Signals - Replace Obsolete Controllers	107,741	(1,193)	(106,548)	-
SD16A	680010	Cooperative Signal Projects	98,332	(3,179)	(95,153)	-
SD16A	680100	Traffic Signals - Citywide	1,467,985	(4,826)	(1,489,325)	(26,166)
SD16A	680110	Traffic Signals - Modifications/Modernization	3,567,153	(3,471)	(3,597,549)	(33,867)
SD16A	680110	Traffic Signals - Modifications/Modernization (ARRA)	52,139	-	(31,588)	20,551
		Total SD16A Projects	<u>5,588,344</u>	<u>(14,241)</u>	<u>(5,614,449)</u>	<u>(40,346)</u>
SD18	610010	Traffic Control/Calming Measures - Smart Growth Areas	<u>1,326,528</u>	<u>(2,224)</u>	<u>(1,347,290)</u>	<u>(22,986)</u>
SD19	525880	Streamview Drive	<u>492,063</u>	<u>(2,862)</u>	<u>(499,253)</u>	<u>(10,052)</u>
		Subtotal Congestion Relief	<u>15,596,428</u>	<u>(68,730)</u>	<u>(14,283,641)</u>	<u>1,244,057</u>

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Balance carried forward	<u>\$ 15,596,428</u>	<u>\$ (68,730)</u>	<u>\$ (14,283,641)</u>	<u>\$ 1,244,057</u>
SD23	130050	Z St Natural Storm Drain	3,254,375	(1,690)	(3,194,197)	58,488
SD23	130050	Drainage Projects (ARRA)	<u>163,736</u>	<u>-</u>	<u>(172,855)</u>	<u>(9,119)</u>
		Total SD16A Projects	<u>3,418,111</u>	<u>(1,690)</u>	<u>(3,367,052)</u>	<u>49,369</u>
SD29	524090	43rd Street Widening	<u>2,516,003</u>	<u>-</u>	<u>(2,510,553)</u>	<u>5,450</u>
SD31	525170	Carmel Valley Road	<u>373,347</u>	<u>3,761</u>	<u>(336,450)</u>	<u>40,658</u>
SD32	523920	Carroll Cnyn Rd Sorrento Valley Rd to I-805	<u>10,371,093</u>	<u>20,855</u>	<u>(10,395,155)</u>	<u>(3,207)</u>
SD34	524790	El Camino Real Road and Bridge Widening	<u>625,190</u>	<u>2,965</u>	<u>(592,201)</u>	<u>35,954</u>
SD38	525550	Georgia St Bridge & University Ave	<u>842,758</u>	<u>916</u>	<u>(820,058)</u>	<u>23,616</u>
SD49	528080	Thorn Street Median Improvements (ARRA)	210,000	-	(197,118)	12,882
SD49	528080	Median Installation	<u>787,088</u>	<u>(4,375)</u>	<u>(792,919)</u>	<u>(10,206)</u>
		Total SD49 Projects	<u>997,088</u>	<u>(4,375)</u>	<u>(990,037)</u>	<u>2,676</u>
SD51	530500	North Torrey Pines Road Bridge over Los Penasquitos Creek	<u>535,618</u>	<u>1,817</u>	<u>(530,720)</u>	<u>6,715</u>
		Subtotal Congestion Relief	<u>35,275,636</u>	<u>(44,481)</u>	<u>(33,825,867)</u>	<u>1,405,288</u>

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Balance carried forward	<u>\$ 35,275,636</u>	<u>\$ (44,481)</u>	<u>\$ (33,825,867)</u>	<u>\$ 1,405,288</u>
SD70	526430	West Mission Bay Drive Bridge over San Diego River	<u>810,991</u>	<u>(1,394)</u>	<u>(923,004)</u>	<u>(113,407)</u>
SD83	524550	State Route 163 and Friars Road, Phase I	<u>2,978,401</u>	<u>(27,402)</u>	<u>(2,931,684)</u>	<u>19,315</u>
SD86	121520	Famosa Slough Salt Marsh Restoration	<u>108,808</u>	<u>483</u>	<u>(99,985)</u>	<u>9,306</u>
SD90	527450	Clairemont Mesa/SR163	<u>7,690,245</u>	<u>(10,234)</u>	<u>(7,676,234)</u>	<u>3,777</u>
SD92	390861	Azalea Park Artistic Enhancement	<u>60,000</u>	<u>-</u>	<u>(60,000)</u>	<u>-</u>
SD92	390860	Azalea Park Rdway Improvements and Neighborhood ID	<u>150,000</u>	<u>317</u>	<u>(128,183)</u>	<u>22,134</u>
		Total SD92 Projects	<u>210,000</u>	<u>317</u>	<u>(188,183)</u>	<u>22,134</u>
SD96	AID00005	Resurfacing of City Streets	<u>822,368</u>	<u>-</u>	<u>(6,303,151)</u>	<u>(5,480,783)</u>
SD97	S-10154	Kelton Road Ped Improv.	<u>27,600</u>	<u>-</u>	<u>(27,600)</u>	<u>-</u>
SD97	S-11058	Bicycle Loop Detectors	<u>9,749</u>	<u>-</u>	<u>(9,749)</u>	<u>-</u>
SD97	680170	School Traffic Safety Improvements	<u>552,074</u>	<u>(4,126)</u>	<u>(539,901)</u>	<u>8,047</u>
SD97	680170	Central Elementary School-Safe Route to School	<u>30,485</u>	<u>-</u>	<u>(30,485)</u>	<u>-</u>
SD97	L-10010	Safe Route to School Sidewalks Nestor Berry	<u>14,220</u>	<u>-</u>	<u>(14,220)</u>	<u>-</u>
		Total SD97 Projects	<u>634,128</u>	<u>(4,126)</u>	<u>(621,955)</u>	<u>8,047</u>
		Subtotal Congestion Relief	<u>48,530,577</u>	<u>(86,837)</u>	<u>(52,570,063)</u>	<u>(4,126,323)</u>

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Balance carried forward	\$ 48,530,577	\$ (86,837)	\$ (52,570,063)	\$ (4,126,323)
SD99	525190	Bridge Rehabilitation	99,221	(492)	(83,260)	15,469
SD102	526821	Otay Mesa Truck Route Phase 3	305,767	-	(305,767)	-
SD102A	S11060	Otay Mesa Truck Route Phase 4	710,419	-	(388,828)	321,591
SD103	S-00839	Intstate 5/Genesse Ave Widening	1,079,000	-	(1,079,000)	-
SD106	S00726	Mission Beach Boardwalk Bulkhead	-	-	(13,870)	(13,870)
SD108	581400	Bayshore Bikeway	130,270	-	(129,638)	632
SD108	581400	Bayshore Bikeway (ARRA)	135,799	-	(134,897)	902
		Total SD108 Projects	266,069	-	(264,535)	1,534
SD113	527650	Sorrento valley Rd & I-5 Interchange	296,630	-	(306,089)	(9,459)
SD114	581470	Rose Creek Bikeway (ARRA)	3,986,526	(2,321)	(3,976,695)	7,510
SD120	581910	San Diego River Multi-Use Bicycle & Pedestrian Path	1,439,816	3,187	(1,444,863)	(1,860)
SD120A	581910	Hazard Center Road Bike Path Study at SR 163	25,363	-	-	25,363
		Subtotal Congestion Relief	56,739,388	(86,463)	(60,432,970)	(3,780,045)

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Balance carried forward	<u>\$ 56,739,388</u>	<u>\$ (86,463)</u>	<u>\$ (60,432,970)</u>	<u>\$ (3,780,045)</u>
SD127	540120	Shoal Creek Pedestrian Bridge	733,133	539	(678,514)	55,158
SD127	540120	Shoal Creek Pedestrian Bridge (ARRA)	<u>2,501,335</u>	<u>(2,543)</u>	<u>(2,498,792)</u>	<u>-</u>
		Total SD127 Projects	<u>3,234,468</u>	<u>(2,004)</u>	<u>(3,177,306)</u>	<u>55,158</u>
SD129	527660	University Avenue Mobility Project	593,619	(1,380)	(577,086)	15,153
SD129	527660	University Avenue Mobility Project (ARRA)	<u>151,907</u>	<u>-</u>	<u>(164,829)</u>	<u>(12,922)</u>
		Total SD129 Projects	<u>745,526</u>	<u>(1,380)</u>	<u>(741,915)</u>	<u>2,231</u>
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St.	1,675,000	2,675	(1,675,001)	2,674
SD130	527630	Skyline Drive Imp from Sears Ave to 58th St. (ARRA)	<u>325,000</u>	<u>-</u>	<u>(325,000)</u>	<u>-</u>
		Total SD130 Projects	<u>2,000,000</u>	<u>2,675</u>	<u>(2,000,001)</u>	<u>2,674</u>
SD133	526760	Mira Sorrento Place (Biological Monitoring)	<u>60,000</u>	<u>(926)</u>	<u>(17,946)</u>	<u>41,128</u>
SD137	527640	Palm Avenue Roadway Improvements	<u>2,342,461</u>	<u>(1,627)</u>	<u>(2,504,233)</u>	<u>(163,399)</u>
SD139	530610	Laurel Street (Cabrillo) Bridge over Highway 163	<u>69,748</u>	<u>(796)</u>	<u>(68,362)</u>	<u>590</u>
SD141	580890	Poway Road Bike Path	<u>960,713</u>	<u>-</u>	<u>(969,788)</u>	<u>(9,075)</u>
SD153	623320	25th Street Renaissance Project	<u>1,768,467</u>	<u>(1,201)</u>	<u>(2,047,271)</u>	<u>(280,005)</u>
SD156	527740	34th & 35th at Madison Improvements	<u>463,276</u>	<u>(1,241)</u>	<u>(465,334)</u>	<u>(3,299)</u>
SD157	527730	Cherokee Street Improvements	<u>536,567</u>	<u>(321)</u>	<u>(545,422)</u>	<u>(9,176)</u>
SD161	590230	Five Year CIP Programming	<u>9,155</u>	<u>(9,155)</u>	<u>-</u>	<u>-</u>
		Subtotal Congestion Relief	<u>68,929,769</u>	<u>(102,439)</u>	<u>(72,970,548)</u>	<u>(4,143,218)</u>

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Balance carried forward	<u>\$ 68,929,769</u>	<u>\$ (102,439)</u>	<u>\$ (72,970,548)</u>	<u>\$ (4,143,218)</u>
SD162	298650	Home Avenue Street Improvements	<u>431,611</u>	<u>-</u>	<u>(480,428)</u>	<u>(48,817)</u>
SD166	582040	Minor Bicycle Facilities	<u>389,523</u>	<u>(171)</u>	<u>(399,305)</u>	<u>(9,953)</u>
SD172	290210	Transportation Grant Match	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>
SD173		38th Street Improvements	<u>35,710</u>	<u>-</u>	<u>-</u>	<u>35,710</u>
SD173	527820	38th Street Improvements (ARRA)	<u>1,188,259</u>	<u>(1,183)</u>	<u>(1,125,784)</u>	<u>61,292</u>
		Total SD173 Projects	<u>1,223,969</u>	<u>(1,183)</u>	<u>(1,125,784)</u>	<u>97,002</u>
SD175	135010	Talbot Street Slope Reconstruction	<u>1,112,002</u>	<u>579</u>	<u>(1,068,638)</u>	<u>43,943</u>
SD179	527540	Linda Vista Road and Genesee Avenue	<u>204,714</u>	<u>(483)</u>	<u>(241,380)</u>	<u>(37,149)</u>
SD186	002000	Administrative Expenses - Comptrollers	<u>547,008</u>	<u>2,320</u>	<u>(537,738)</u>	<u>11,590</u>
SD186	002150	Administrative Expenses - Engineering	<u>1,180,090</u>	<u>431</u>	<u>(1,197,457)</u>	<u>(16,936)</u>
		Total SD186 Projects	<u>1,727,098</u>	<u>2,751</u>	<u>(1,735,195)</u>	<u>(5,346)</u>
SD188	003710	Congestion Relief /Traffic Signal Operations	<u>9,166,496</u>	<u>39,944</u>	<u>(9,203,998)</u>	<u>2,442</u>
		Subtotal Congestion Relief	<u>83,285,182</u>	<u>(61,002)</u>	<u>(87,325,276)</u>	<u>(4,101,096)</u>

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
		Balance carried forward	<u>\$ 83,285,182</u>	<u>\$ (61,002)</u>	<u>\$ (87,325,276)</u>	<u>\$ (4,101,096)</u>
SD196	S-00613	Torrey Pines Improvements Phase I	287,969	-	(287,966)	3
SD196	S-00613	Torrey Pines Improvements Phase I (ARRA)	<u>486,411</u>	<u>(1,997)</u>	<u>(476,198)</u>	<u>8,216</u>
		Total SD196 Projects	<u>774,380</u>	<u>(1,997)</u>	<u>(764,164)</u>	<u>8,219</u>
SD198	581272	Cherokee Traffic Calming	<u>260,000</u>	<u>-</u>	<u>(256,881)</u>	<u>3,119</u>
SD205	S11054	Park Blvd and Essex Street	<u>115,927</u>	<u>-</u>	<u>(115,927)</u>	<u>-</u>
SD206	S11055	Fourth Ave and Quince Street	<u>83,130</u>	<u>-</u>	<u>(83,130)</u>	<u>-</u>
SD207	S11056	Fourth Ave/Fifth Avenue & Nutmeg	<u>69,241</u>	<u>-</u>	<u>(67,894)</u>	<u>1,347</u>
SD208	S00602	Juan Street - Concrete Street	<u>497,462</u>	<u>-</u>	<u>(521,701)</u>	<u>(24,239)</u>
SD209	526740	Torrey Pines Road Slope Reconstruction	<u>403,198</u>	<u>-</u>	<u>(395,166)</u>	<u>8,032</u>
SD210	392160	Washington/Goldfinch Intersection Improvements	127,458	-	(127,458)	-
SD210	392163	Washington St @ India St Median Improvement	60,582	-	(60,582)	-
SD210	640050	Five Points Neighborhood Pedestrian Impr	<u>19,532</u>	<u>-</u>	<u>(122,604)</u>	<u>(103,072)</u>
		Total SD210 Projects	<u>207,572</u>	<u>-</u>	<u>(310,644)</u>	<u>(103,072)</u>
SD213	581950	Ruffin Rd/ Murphy Cyn Rd Bikeway (ARRA)	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
		Subtotal Congestion Relief	<u>85,726,092</u>	<u>(62,999)</u>	<u>(89,870,783)</u>	<u>(4,207,690)</u>

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2015</u>
		Balance carried forward	<u>\$ 85,726,092</u>	<u>\$ (62,999)</u>	<u>\$ (89,870,783)</u>	<u>\$ (4,207,690)</u>
SD215	S-12030	FY12 Asphalt Group 1	<u>3,358,773</u>	<u>-</u>	<u>(3,273,387)</u>	<u>85,386</u>
SD216	S-12031	FY12 Asphalt Group 2	<u>2,380,902</u>	<u>-</u>	<u>(2,197,847)</u>	<u>183,055</u>
SD216	S-12031	FY12 Asphalt Group 2 (ARRA)	<u>335,617</u>	<u>-</u>	<u>(318,899)</u>	<u>16,718</u>
		Total SD216 Projects	<u>2,716,519</u>	<u>-</u>	<u>(2,516,746)</u>	<u>199,773</u>
SD226	S-00870	Old Otay Mesa Road - Westerly	<u>-</u>	<u>-</u>	<u>(31,490)</u>	<u>(31,490)</u>
		Interest Income 70% Congestion Relief	<u>-</u>	<u>97,775</u>	<u>-</u>	<u>97,775</u>
		Total Congestion Relief	<u>91,801,384</u>	<u>34,776</u>	<u>(95,692,406)</u>	<u>(3,856,246)</u>
		Maintenance:				
SD176	002500	Maintenance	<u>55,061,454</u>	<u>(61,556)</u>	<u>(54,999,898)</u>	<u>-</u>
		Interest Income 30% Maintenance	<u>-</u>	<u>18,894</u>	<u>-</u>	<u>18,894</u>
		Total Maintenance	<u>55,061,454</u>	<u>(42,662)</u>	<u>(54,999,898)</u>	<u>18,894</u>
		Total Local Street Improvements	<u>147,065,638</u>	<u>(7,886)</u>	<u>(150,895,104)</u>	<u>(3,837,352)</u>

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
Bikes and Pedestrian:						
SD191	1000321-2010	Bicycle Detection SR-15 Bike Path	\$ 71,512	\$ -	\$ (71,512)	\$ -
SD221	1000408-2013	SD River Bike Path & Mission Ctr Blvd. Impr	250,950	-	(285,101)	(34,151)
SD222	1000405-2013	Chollas Crk to Bayshore Bkwy - Multi-Use	199,463	-	(361,094)	(161,631)
SD223	1000409-2013	Microwave Bicycle Detection (The Intersector)	182,394	-	(182,394)	-
SD224	5001740	Downtown Complete Street Mobility Plan	110,246	-	(159,700)	(49,454)
SD225	1000406-2013	Linda Vista CATS	<u>87,184</u>	<u>-</u>	<u>(132,195)</u>	<u>(45,011)</u>
Total Bikes and Pedestrian			<u>901,749</u>	<u>-</u>	<u>(1,191,996)</u>	<u>(290,247)</u>
Smart Growth Improvement:						
SD201	1000275-2010	Smart Growth - BRT	204,510	-	(204,510)	-
SD202	1000274-2010	Smart Growth - Chollas	164,773	-	(270,303)	(105,530)
SD203	1000293-2010	SGIP Euclid & Market	397,280	-	(397,280)	-
SD204	1000294-2010	SGIP Comm & Imperial	382,183	-	(382,183)	-
SD205	1000310-2010	Park Blvd and Essex Street	195,007	-	(195,007)	-
SD206	1000310-2010	Fourth Ave and Quince Street	90,139	-	(90,139)	-
SD207	1000310-2010	Fourth Ave/Fifth Ave & Nutmeg Street	69,959	-	(69,959)	-
SD214	1000426-2014	Park Blvd./City College/San Diego High	96,366	-	(107,072)	(10,706)
SD227	1000401-2013	Morena Blvd Stn Study Ph 2	-	-	(56,831)	(56,831)
SD228	1000402-2013	The Complete Blvd Planning Study	-	-	(39,280)	(39,280)
SD229	5004285	Island Ave Green Street Mobility Improvements	-	-	(111,088)	(111,088)
SD230	5004286	Downtown SD Wayfinding Signage	-	-	(76,904)	(76,904)
SD231	5004288	East Village Green/14th Street Promenade Master Plan	<u>89,284</u>	<u>-</u>	<u>(99,205)</u>	<u>(9,921)</u>
Total Smart Growth Improvement			<u>1,689,501</u>	<u>-</u>	<u>(2,099,761)</u>	<u>(410,260)</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
Environmental Mitigation:						
V08	1000323-2011	San Pasqual Valley Weed Management	\$ 62,454	\$ -	\$ (62,454)	\$ -
Subtotal Cumulative TransNet Extension			<u>153,696,142</u>	<u>247,654</u>	<u>(158,204,016)</u>	<u>(4,260,220)</u>
Completed Projects:						
Congestion Relief:			2,100,389	31,858	(2,132,247)	-
Maintenance:			<u>6,050,400</u>	<u>-</u>	<u>(6,050,400)</u>	<u>-</u>
Total Completed Projects			<u>8,150,789</u>	<u>31,858</u>	<u>(8,182,647)</u>	<u>-</u>
Total Cumulative TransNet Extension			<u>\$ 161,846,931</u>	<u>\$ 279,512</u>	<u>\$ (166,386,663)</u>	<u>\$ (4,260,220)</u>

SCHEDULE C

CITY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status		Notes
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014	
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 562,279	\$ 32,179	\$ (594,458)	\$ -	\$ -	\$ 321,325	
For Fiscal Year ended June 30, 2010	June 30, 2017	862,805	39,990	(902,795)	-	-	899,171	
For Fiscal Year ended June 30, 2011	June 30, 2018	1,189,183	36,243	(1,225,426)	-	-	1,220,507	
For Fiscal Year ended June 30, 2012	June 30, 2019	2,403,483	47,258	(2,008,127)	-	442,614	2,440,903	
For Fiscal Year ended June 30, 2013	June 30, 2020	2,952,916	38,688	-	469,150	3,460,754	2,979,594	(a)
For Fiscal Year ended June 30, 2014	June 30, 2021	3,766,865	37,027	-	-	3,803,892	3,788,621	
For Fiscal Year ended June 30, 2015	June 30, 2022	4,291,606	17,298	-	-	4,308,904	-	
Total RTCIP Funds		<u>\$ 16,029,137</u>	<u>\$ 248,683</u>	<u>\$ (4,730,806)</u>	<u>\$ 469,150</u>	<u>\$ 12,016,164</u>	<u>\$ 11,650,121</u>	

Notes:

(a) \$469,150 of funds collected in FY13 were omitted from the prior year schedule.

CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2015

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. 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.

- c. We agreed the beginning balance from the prior year or reviews that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures of \$454,154, excluding payments on bonds in the amount of \$1,244,753. We selected \$118,014 (25.99%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.
- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or

expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- i. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.
8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is not in compliance with the 30% requirement as indicated below:

Fiscal year 2015 apportionment	\$1,995,305
Less: debt service payment	<u>(1,244,753)</u>
Net estimated apportionment	750,552
30% base	<u>30%</u>
Fiscal year 2015 30% threshold	<u>225,166</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	435,745
Maintenance fund balance	<u>619,333</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>1,055,078</u>
Fund balance (over) apportionment	\$ <u>(829,912)</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 435,745	\$4,766,872	\$5,202,617
Maintenance	<u>619,333</u>	<u>539,521</u>	<u>1,158,854</u>
Totals	<u>\$1,055,078</u>	<u>\$5,306,393</u>	<u>\$6,361,471</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 11.96% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$19,834,868	\$4,607,861	\$24,442,729
Maintenance	4,123,150	479,966	4,603,116
Interest	<u>28,950</u>	<u>218,566</u>	<u>247,516</u>
 Total local street and road revenue	 <u>\$23,986,968</u>	 <u>\$5,306,393</u>	 <u>\$29,293,361</u>
 30% of total local street and road revenue			 8,788,008
Less maintenance expenditures incurred to date			 <u>3,503,817</u>
 Available maintenance funds			 <u>\$ 5,284,191</u>
 Cumulative percentage expended for maintenance			 <u>11.96%</u>

11. 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 staff.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Interest</u> <u>Payments</u>
2010 Series A Bonds	\$15,139,627	\$ -	\$ -	\$15,139,627	\$604,426
2014 Bonds	14,860,000	-	-	14,860,000	640,327

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
 - i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as indicated on the following page:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$64,946,068</u>	<u>\$54,892,541</u>	<u>1.18</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.18.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$3,804,565
Growth rate	<u>1.18</u>
Adjusted MOE base as of June 30, 2015	<u>\$4,489,387</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$6,968,469
Less MOE base year requirement	<u>(3,804,565)</u>
Excess MOE for the year ended June 30, 2015	<u>\$3,163,904</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. If unallowable expenditures were identified in procedure 14.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 7, 2015.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations for the year ended June 30, 2014.

- 17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City's receipt and disbursement of *TransNet* funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Denise Jane LLP". The signature is written in a cursive, slightly slanted style.

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF SAN MARCOS, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet Extension:									
Smart Growth									
SM53	88539	Armorlite Complete Street Corridor	\$ -	\$ 93,352	\$ -	\$ (66,328)	\$ (39,930)	\$ (12,906)	(a) (e)
		Total Smart Growth	-	93,352	-	(66,328)	(39,930)	(12,906)	
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SM54	N/A	Regional Arterial Management Systems	-	10,800	-	(10,800)	-	-	
		Total Congestion Relief - Pass-Through	-	10,800	-	(10,800)	-	-	
Congestion Relief:									
SM25	88165	Borden Road Street Improvement and Bridge Construction	(486,740)	526,552	-	(39,812)	-	-	(b)
SM31	88265	Discovery Street Improvements	(278,774)	316,211	-	(45,085)	-	(7,648)	(c)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	-	23,449	-	(39,728)	-	(16,279)	(d)
SM48	88505	SM Creek Specific Plan	207,346	298,488	-	(32,435)	-	473,399	
SM56	88263	Bent Ave Bridge and Street Improvement	-	23,444	-	(37,171)	-	(13,727)	(d)
		2010 Series A Bonds Debt Service	-	604,426	-	(604,426)	-	-	
		2014 Bonds	-	640,327	-	(640,327)	-	-	
		Total Congestion Relief	(558,168)	2,432,897	-	(1,438,984)	-	435,745	
Maintenance:									
SM38	55090	Local Streets and Roads Maintenance	621,800	71,655	-	(74,122)	-	619,333	
		Total Maintenance	621,800	71,655	-	(74,122)	-	619,333	
		Total Local Street Improvements	63,632	2,515,352	-	(1,523,906)	-	1,055,078	

CITY OF SAN MARCOS, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Bikes and Pedestrian (BPNS):									
SM51	88524	San Marcos Bicycle and Pedestrian Plan	\$ -	\$ 48,842	\$ -	\$ (59,476)	\$ (12,524)	\$ (23,158)	(a) (e)
SM52	84001	San Marcos Blvd. Complete Street Multi-Way Blvd.	-	104,535	-	(49,197)	(55,338)	-	(e) (b)
Total BPNS			-	153,377	-	(108,673)	(67,862)	(23,158)	
Subtotal <i>TransNet</i> Extension			63,632	2,762,081	-	(1,698,907)	(107,792)	1,019,014	
Interest Income			20,305	-	8,497	-	-	28,802	
Total <i>TransNet</i> Extension			<u>\$ 83,937</u>	<u>\$ 2,762,081</u>	<u>\$ 8,497</u>	<u>\$ (1,698,907)</u>	<u>\$ (107,792)</u>	<u>\$ 1,047,816</u>	

Notes:

- (a) Part of the negative balance is the 10% retention held by SANDAG. The remaining negative balance is due to timing of the request and receipt of funds.
- (b) Project is complete.
- (c) The City submitted a request for a drawdown of the Bond in FY16.
- (d) The City will request a reimbursement of the expenditures in FY16.
- (e) The City adjustments are for FY14 expenditures not reported in the prior year.

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:						
Smart Growth						
SM53	88539	Armorlite Complete Street Corridor	\$ 93,352	\$ -	\$ (106,258)	\$ (12,906)
		Total Smart Growth	<u>93,352</u>	<u>-</u>	<u>(106,258)</u>	<u>(12,906)</u>
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SM54	N/A	Regional Arterial Management Systems	<u>32,400</u>	<u>-</u>	<u>(32,400)</u>	<u>-</u>
		Total Congestion Relief - Pass-Through	<u>32,400</u>	<u>-</u>	<u>(32,400)</u>	<u>-</u>
Congestion Relief:						
SM25	88165	Borden Road Street Improvement and Bridge Construction	9,599,955	-	(9,599,955)	-
SM31	88265	Discovery Street Improvements	1,990,000	-	(1,997,648)	(7,648)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	23,449	-	(39,728)	(16,279)
SM48	88505	SM Creek Specific Plan	1,857,766	-	(1,384,367)	473,399
SM56	88263	Bent Ave Bridge and Street Improvement	23,444	-	(37,171)	(13,727)
		2010 Series A Bonds Debt Service	2,708,968	-	(2,708,968)	-
		2014 Bonds	<u>640,327</u>	<u>-</u>	<u>(640,327)</u>	<u>-</u>
		Total Congestion Relief	<u>16,843,909</u>	<u>-</u>	<u>(16,408,164)</u>	<u>435,745</u>
Maintenance:						
SM38	55090	Local Streets and Roads Maintenance	<u>4,123,150</u>	<u>-</u>	<u>(3,503,817)</u>	<u>619,333</u>
		Total Maintenance	<u>4,123,150</u>	<u>-</u>	<u>(3,503,817)</u>	<u>619,333</u>

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
Bikes and Pedestrian (BPNS)						
SM51	88524	San Marcos Bicycle and Pedestrian Plan	\$ 48,842	\$ -	\$ (72,000)	\$ (23,158)
SM52	84001	San Marcos Blvd. Complete Street Multi-Way Blvd.	104,535	-	(104,535)	-
Total Bikes and Pedestrian (BPNS)			<u>153,377</u>	<u>-</u>	<u>(176,535)</u>	<u>(23,158)</u>
Interest Income			<u>-</u>	<u>28,802</u>	<u>-</u>	<u>28,802</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>21,246,188</u>	<u>28,802</u>	<u>(20,227,174)</u>	<u>1,047,816</u>
Completed projects:						
Congestion Relief			2,958,559	148	(2,958,707)	-
Bikes and Pedestrian			<u>771,726</u>	<u>1,668</u>	<u>(773,394)</u>	<u>-</u>
Total Completed Projects			<u>3,730,285</u>	<u>1,816</u>	<u>(3,732,101)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 24,976,473</u>	<u>\$ 30,618</u>	<u>\$ (23,959,275)</u>	<u>\$ 1,047,816</u>

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 14,000	\$ 1,011	\$ -	\$ -	\$ 15,011	\$ 14,922
For Fiscal Year ended June 30, 2010	June 30, 2017	2,040	127	-	-	2,167	2,154
For Fiscal Year ended June 30, 2011	June 30, 2018	93,760	3,919	-	-	97,679	97,102
For Fiscal Year ended June 30, 2012	June 30, 2019	82,797	2,672	-	-	85,469	84,964
For Fiscal Year ended June 30, 2013	June 30, 2020	1,155,830	15,387	-	-	1,171,217	1,164,299
For Fiscal Year ended June 30, 2014	June 30, 2021	11,045	140	-	-	11,185	11,119
For Fiscal Year ended June 30, 2015	June 30, 2022	166,796	991	-	-	167,787	-
Total RTCIP Funds		<u>\$ 1,526,268</u>	<u>\$ 24,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,550,515</u>	<u>\$ 1,374,560</u>

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2015

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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, 2015. 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 *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. 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.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified SANDAG staff and obtained approval.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and matched it to the *TransNet* general ledger.

Results: This procedure is not applicable as there was no interest reported on Schedule A.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there was no interest reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the year ended June 30, 2015.

- i. We reviewed the total project expenditures per Schedule A and agreed 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: SANDAG recorded total *TransNet* expenditures in the amount of \$189,592,995. We selected \$47,626,364 (25.12%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: Indirect costs are allocated to RTIP projects at a rate of 49.51% of direct labor costs associated with each project. SANDAG's indirect cost plan has been reviewed and approved by the State of California Department of Transportation, and is updated by SANDAG on an annual

basis. The indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- g. We determined that any amounts reported in the “adjustments” column are explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no amounts reported in the adjustments column.

- h. 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 reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type or authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: This procedure is not applicable as there were no projects with a negative ending balance.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency has provided a footnote of the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- i. 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 reviewed that transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as SANDAG had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no amounts reported in the adjustments column on Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than

30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. SANDAG is not a recipient of an annual apportionment.

9. If applicable (including SDCRTC), we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

10. For recipient SANDAG, acting as the SDCRTC, we obtained a schedule of bond financing costs related to highway and transit capital projects indicating beginning balance, additions and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current fiscal year financing costs to SANDAG records.

Results: The schedule of bond financing costs related to highway and transit capital projects is summarized below. The total cost of \$31,376,582 did not exceed \$500,000,000 in 2002 dollars. No exceptions were noted as a result of our procedures.

<u>Debt Issuance</u>	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2015</u>
Commercial Paper	\$ 2,372,804	\$ 368,241	\$ -	\$ 2,741,045
2008 Bonds	19,941,999	2,209,001	-	22,151,000
2010 Bonds	2,877,032	13,599	-	2,890,631
2012 Bonds	2,305,890	8,399	-	2,314,289
2014 Bonds	-	1,279,616	-	1,279,616
Total	<u>\$27,497,725</u>	<u>\$3,878,856</u>	<u>\$ -</u>	<u>\$31,376,581</u>

11. We reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance.
 - a. We reviewed and ensured that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

Results: No exceptions were note as a result of our procedures.

- b. We review at least 25% of the administrative expenditures and ensured that they were expended by recipient SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: SANDAG recorded total administrative expenditures in the amount of \$2,699,655. We selected \$1,008,736 (37.37%) for testing. No exceptions were noted as a result of our procedures.

- c. If unallowable expenditures were identified in step 11b, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 11.b.

12. For SANDAG, acting as the SDCRTC, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed the FY 2015 *TransNet* Local Street Improvements Allocation Schedule and determined that at least 70% of the revenues provided for Local Street Improvement purposes were used for congestion relief purposes and that no more than 30% for maintenance purposes.

Results: No exceptions were noted as a result of our procedures.

13. 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.

14. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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.

Daniel J. Jarell LLP

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MPO ID” means, Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: SANDAG, Caltrans, San Diego County Metropolitan Transit System, North County Transit District, County of San Diego, and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“SDCRTC” means the San Diego County Regional Transportation Commission, a blended component unit of SANDAG.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet and TransNet Extension Activities

Schedule of Status of Funds by Project

Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
TransNet Extension:								
Administration:								
		SANDAG 1% Administration	\$ -	\$ 2,699,655	\$ (2,699,655)	\$ -	\$ -	
		Total Administration	-	2,699,655	(2,699,655)	-	-	
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through								
CAL330	1223014	SR-15 Commuter Bike Facility	-	1,016,000	(1,016,000)	-	-	
CB39	1223028	Carlsbad CATS	-	93,682	(93,682)	-	-	
CB40	1223029	Active Village Campaign	-	200,995	(200,995)	-	-	
CB41	1223027	Coastal Rail Trail Reach 1	-	50,342	(50,342)	-	-	
CHV71	1223031	Main Street Streetscape Master Plan	-	112,722	(112,722)	-	-	
NC17	1223035	4th St. Community Corridor	-	179,364	(179,364)	-	-	
NC18	1223036	Bicycle Parking Enhancements	-	2,769	(2,769)	-	-	
O29	1223038	Oceanside Blvd. Transit Access & Beautification Project	-	18,529	(18,529)	-	-	
O30	1223039	2 Year Education/Encouragement/Awareness Project	-	65,325	(65,325)	-	-	
O31	1223040	North Coast Transit Station Bike Station Project	-	79,564	(79,564)	-	-	
SB15	1223050	Solana Beach Comprehensive Active Transportation Transportation Strategies (CATS)	-	72,204	(72,204)	-	-	
SD221	1223041	San Diego River Bike Path & Mission Center Blvd. Improvement: Pedestrian Hybrid Beacon	-	241,165	(241,165)	-	-	
SD222	1223042	Chollas Creek to Bayshore Bikeway - Multi-Use Path Design	-	124,521	(124,521)	-	-	
SD223	1223043	Microwave Bicycle Detection (The Intersector)	-	5,754	(5,754)	-	-	
SD224	1223045	Downtown Complete Streets Mobility Plan	-	95,294	(95,294)	-	-	
SD225	1223044	Linda Vista CATS	-	130,195	(130,195)	-	-	
SM51	1223046	San Marcos Bicycle and Pedestrian Plan	-	47,670	(47,670)	-	-	
SM52	1223047	San Marcos Blvd. Complete Street Multi-Way Blvd.	-	34,534	(34,534)	-	-	
		Subtotal BPNS - Pass-Through	-	2,570,629	(2,570,629)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
		Balance carried forward BPNS Pass-Through	\$ -	\$ 2,570,629	\$ (2,570,629)	\$ -	\$ -	
SNT19	1223049	San Diego River Trail - South Side of the San Diego River	-	209,422	(209,422)	-	-	
V05	1223026	Smart Growth Incentive/Transportation Enhancement Program	-	893,000	(893,000)	-	-	
VISTA48	1223051	Vista Bicycle Master Plan	-	44,977	(44,977)	-	-	
		Total BPNS Pass-Through	-	3,718,028	(3,718,028)	-	-	
		BPNS:						
CAL330	1223014	SR-15 Commuter Bike Facility	-	3,891	(3,891)	-	-	
SAN40	3300300	TDA/TN Bike, Ped, Neighborhood	-	20,000	(20,000)	-	-	
SAN102	1144300	Bayshore Bikeway - Segments 7 & 8	-	117,740	(117,740)	-	-	
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	-	869,154	(869,154)	-	-	
SAN152	1223024	Coastal Rail Trail Phase 2B - Oceanside	-	263,978	(263,978)	-	-	
SAN153	1223023	The Inland Rail Trail	-	1,771,192	(1,771,192)	-	-	
SAN154	1129900	Bayshore Bikeway - Segment 8B	-	337,684	(337,684)	-	-	
SAN155	1223016	Coastal Rail Trail - Rose Creek	-	507,929	(507,929)	-	-	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	234,765	(234,765)	-	-	
SAN157	3300900	San Diego River Trail	-	2,173	(2,173)	-	-	
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	-	31,281	(31,281)	-	-	
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	-	1,502,168	(1,502,168)	-	-	
SAN161	1144500	Sweetwater Bikeway - Plaza Bonita Segment	-	30,793	(30,793)	-	-	
SAN195	1223055	Bayshore Bikeway - Barrio Logan	-	257,658	(257,658)	-	-	
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	-	11,239	(11,239)	-	-	
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	-	34,769	(34,769)	-	-	
SAN203	1223056	San Ysidro to IB Parkway	-	12,149	(12,149)	-	-	
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	-	56,966	(56,966)	-	-	
		Subtotal BPNS	-	6,065,529	(6,065,529)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
		Balance Carried Forward BPNS	\$ -	\$ 6,065,529	\$ (6,065,529)	\$ -	\$ -	
SAN205	1223057	NP to Downtown/Balboa Bikeway	-	100,502	(100,502)	-	-	
SAN206	1223058	Southeast to Downtown Bikeway	-	22,849	(22,849)	-	-	
SAN207	1223018	Coastal Rail Trail Encinitas: Chesterfield Dr to Solana Bea	-	1,216	(1,216)	-	-	
		Total BPNS	-	6,190,096	(6,190,096)	-	-	
		Senior Services - Pass-Through:						
LAM27	1270400	La Mesa - Rides4Neighbors	-	195,828	(195,828)	-	-	
NCTD34A	1270100	NCTD - Mobility/Travel Training Program	-	21,442	(21,442)	-	-	
O21	1270500	Oceanside - Solutions for Seniors on the Go	-	61,022	(61,022)	-	-	
O34	1270500	Oceanside - Senior Shuttle Program	-	47,695	(47,695)	-	-	
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and Smiles	-	164,869	(164,869)	-	-	
SAN87	1270700	Elderhelp - Volunteer Driver Program	-	84,451	(84,451)	-	-	
SAN89	1270900	Independent Transportation Network San Diego	-	106,669	(106,669)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	39,729	(39,729)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	123,796	(123,796)	-	-	
SAN140	1270800	FACT MedRide	-	128,084	(128,084)	-	-	
SAN141	1271000	Jewish Family Services	-	192,971	(192,971)	-	-	
SAN142	1271400	Friends of Adult Day Care	-	163,208	(163,208)	-	-	
SAN168	1271900	FACT Mobility Management	-	82,914	(82,914)	-	-	
SAN185	1270800	FACT - Ride FACT	-	39,283	(39,283)	-	-	
SAN191	1270300	Alpha Project for the Homeless	-	115,363	(115,363)	-	-	
SAN192	1271700	Bayside Community Center	-	5,718	(5,718)	-	-	
SAN194	1272100	Mountain Health and Community	-	49,353	(49,353)	-	-	
VISTA44	1270600	City of Vista - Out and About	-	101,055	(101,055)	-	-	
		Total Senior Services - Pass-Through	-	1,723,450	(1,723,450)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
SAN40	3320100	Senior Services:						
		S/R Transit Svc Activities	\$ -	\$ 42,000	\$ (42,000)	\$ -	\$ -	
		Total Senior Services	-	42,000	(42,000)	-	-	
		Smart Growth - Pass-Through:						
CHV63	1224002	Palomar Gateway District Specific Plan and EIR	-	21,156	(21,156)	-	-	
CHV73	1224015	Third Ave. Streetscape Implementation Project - Phase 2	-	146,973	(146,973)	-	-	
CHV74	1224016	Healthy Communities Program	-	56,806	(56,806)	-	-	
IB15	1224017	Palm Avenue Mixed-Use and Commercial Corridor Master Plan	-	216,068	(216,068)	-	-	
LAM45	1224018	Downtown Village Streetscape Improvement Project (Part 2)	-	1,158,740	(1,158,740)	-	-	
LG21	1224019	Main Street Promenade Extension Planning Project	-	173,068	(173,068)	-	-	
NC12	1224003	8th St Corridor Smart Growth Revitalization	-	312,959	(312,959)	-	-	
NC19	1224020	Downtown-Westside Community Connections	-	1,220,861	(1,220,861)	-	-	
SD201	1224004	Mid-City SR15 BRT Station Area Planning Study	-	17,475	(17,475)	-	-	
SD202	1224005	Chollas Triangle Master Plan	-	35,853	(35,853)	-	-	
SD214	1224010	Park Blvd/City College/San Diego High	-	1,699	(1,699)	-	-	
SD227	1224021	Morena Blvd Station Area Study Phase 2	-	56,830	(56,830)	-	-	
SD228	1224022	The Complete Boulevard Planning Study	-	37,699	(37,699)	-	-	
SD229	1224023	Island Ave. Green Street Mobility Improvements	-	110,479	(110,479)	-	-	
SD230	1224024	Wayfinding Signage	-	325,000	(325,000)	-	-	
SD231	1224025	East Village Green/14th Street Promenade Master Plan	-	95,018	(95,018)	-	-	
SM53	1224026	Armorlite Complete Street Corridor	-	58,568	(58,568)	-	-	
VISTA52	1224027	Vista Downtown Specific Plan Update	-	113,407	(113,407)	-	-	
		Total Smart Growth - Pass-Through	-	4,158,659	(4,158,659)	-	-	
		Smart Growth:						
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	20,000	(20,000)	-	-	
		Total Smart Growth	-	20,000	(20,000)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
Local Street Improvements:								
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	\$ -	\$ 11,700	\$ (11,700)	\$ -	\$ -	
CHV39	3311000	Traffic Signal System Optimization	-	15,500	(15,500)	-	-	
CNTY81	3311002	Regional Traffic Signal Management - (CR)	-	12,500	(12,500)	-	-	
EL06	3311002	Traffic Signals Project	-	9,700	(9,700)	-	-	
ENC28	3311002	Traffic Signal Modifications	-	7,400	(7,400)	-	-	
LAM46	3311002	Regional Arterial Management System (RAMS) - (CR)	-	7,400	(7,400)	-	-	
NC04	3311002	Traffic Signal Install/Upgrade	-	8,000	(8,000)	-	-	
O35	3311002	Regional Arterial Management System (RAMS) - (CR)	-	11,200	(11,200)	-	-	
POW29	3311002	Citywide Traffic Signal Improvements - (CR)	-	7,300	(7,300)	-	-	
SD16A	3311002	Traffic Signals Citywide - (CR)	-	67,600	(67,600)	-	-	
SM54	3311002	Citywide Traffic Signals - (CR)	-	10,800	(10,800)	-	-	
SNT20	3311002	Traffic Signals Citywide - (CR)	-	7,400	(7,400)	-	-	
VISTA51	3311002	Minor Traffic Signal Modifications	-	8,800	(8,800)	-	-	
Total Local Street Improvements			-	185,300	(185,300)	-	-	
Regional Environmental Mitigation Program (EMP) - Pass-Through								
CAL29	1207602	Caltrans SR 76 Middle EMP	-	(1,034,000)	1,034,000	-	-	(a)
CAL29B	1207606	Caltrans SR 76 East EMP	-	6,034,000	(6,034,000)	-	-	
V07	12002xx	Caltrans EMP	-	2,963,000	(2,963,000)	-	-	
V08	1200311	Gnatcatcher/Cactus Wren - Chula Vista	-	12,466	(12,466)	-	-	
V08	1200326	SD County Salt Creek Recovery	-	7,267	(7,267)	-	-	
V08	1200344	River Habitat San Diego River	-	142,101	(142,101)	-	-	
V08	1200347	Lusardi Creek	-	5,239	(5,239)	-	-	
V08	1200348	San Pasqual Valley Weed	-	(23,354)	23,354	-	-	(b)
V08	1200351	Lakeside Linkage	-	12,479	(12,479)	-	-	
V08	1200352	Chula Vista Tarplant-Thornmint	-	8,377	(8,377)	-	-	
V08	1200353	Crest Canyon Invasive Removal	-	25,633	(25,633)	-	-	
V08	1200358	Carlsbad Hydrologic Unit	-	19,886	(19,886)	-	-	
V08	1200359	Audubon Mission Bay Park	-	30,718	(30,718)	-	-	
Subtotal V08			-	240,812	(240,812)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
		Balance Carried Forward Subtotal V08	\$ -	\$ 240,812	\$ (240,812)	\$ -	\$ -	
V08	1200360	Proctor Valley Vernal Pools	-	17,176	(17,176)	-	-	
V08	1200366	City of Chula Vista Salt Creek	-	42,450	(42,450)	-	-	
V08	1200367	USGS Western Pond Turtle	-	8,233	(8,233)	-	-	
V08	1200368	CNLM Acanthomintha	-	3,795	(3,795)	-	-	
V08	1200379	San Luis Rey and Santa Margarita Watersheds Arundo Re-treatment	-	87,909	(87,909)	-	-	
V08	1200380	Phase 3 Radio-Encanto Restoration, Maintenance, and Monitoring	-	46,799	(46,799)	-	-	
V08	1200381	South County Grasslands Phase 2	-	84,476	(84,476)	-	-	
V08	1200382	SDNWR: (Shinohara) Vernal Pool Invasive Weed Treatment	-	30,923	(30,923)	-	-	
V08	1200383	Sycamore Canyon and Goodan Ranch Invasive Removal and Habitat Restoration	-	62,731	(62,731)	-	-	
V08	1200384	Dehesa Nolina and Dudleya	-	45,764	(45,764)	-	-	
V08	1200385	San Diego Thornmint and Quino Checkerspot Butterfly	-	31,717	(31,717)	-	-	
V08	1200386	California Least Tern	-	15,501	(15,501)	-	-	
V08	1200387	Cactus Wren	-	7,508	(7,508)	-	-	
V08	1200388	Rare Plants	-	56,716	(56,716)	-	-	
V08	1200389	North County Dunes Restoration (Coastal Species)	-	89,763	(89,763)	-	-	
V08	1200390	SD Bay NWR: California least tern and Western snowy plover Recovery at D Street Nesting Site	-	30,848	(30,848)	-	-	
V08	1200391	South San Diego County Community Outreach and Habitat Stewardship	-	(5,418)	5,418	-	-	(c)
V08	1200392	San Diego River Park Watch	-	78,109	(78,109)	-	-	
V08	1200393	Los Penasquitos Management	-	1,589	(1,589)	-	-	
		Total V08	-	977,401	(977,401)	-	-	
		Total EMP Pass-Through	-	8,940,401	(8,940,401)	-	-	
		EMP:						
V07	12002xx	Biological Mitigation	-	20,835,250	(20,835,250)	-	-	
V08	12003xx	Regional Habitat Conservation Fund	-	2,841,185	(2,841,185)	-	-	
		Total EMP	-	23,676,435	(23,676,435)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
		Transit System Improvement:						
SAN79	1142500	Centralized Train Control	\$ -	\$ 431,231	\$ (431,231)	\$ -	\$ -	
		Total Transit System Improvement	-	431,231	(431,231)	-	-	
		BRT/Rail Operations:						
SAN80	3310700	TransNet Major Transit Corridor Operations	-	6,534	(6,534)	-	-	
		Total BRT/Rail Operations	-	6,534	(6,534)	-	-	
		Major Corridor - Pass-Through:						
CAL09	1200501	I-5 North Coast	-	460,000	(460,000)	-	-	
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	18,005,000	(18,005,000)	-	-	
		Total CAL09	-	18,465,000	(18,465,000)	-	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	-	1,107,000	(1,107,000)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	3,321,000	(3,321,000)	-	-	
CAL18	1201502	I-15 Managed Lanes-Middle Segment	-	(89,209)	89,209	-	-	(d)
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	1,266,500	(1,266,500)	-	-	
CAL18B	1201501	I-15 ML+S. Segment and Mira Mesa Transit Center	-	446,000	(446,000)	-	-	
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	-	1,046,000	(1,046,000)	-	-	
		Total CAL18B	-	1,492,000	(1,492,000)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	(285,718)	285,718	-	-	(e)
CAL29	1207602	SR 76 Middle	-	1,414,893	(1,414,893)	-	-	
		Subtotal Major Corridor - Pass Through	-	26,691,466	(26,691,466)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
		Balance Carried Forward - Major Corridor - Pass-Through	\$ -	\$ 26,691,466	\$ (26,691,466)	\$ -	\$ -	
CAL29B	1207606	SR 76 East	-	2,682,143	(2,682,143)	-	-	
CAL38	1390501	SR-905 New Freeway	-	(12,792)	12,792	-	-	(d)
CAL67	1280508	SR 94 Widening	-	1,601,000	(1,601,000)	-	-	
CAL75	1200506	I-5 Genessee Interchange and Widening	-	731,000	(731,000)	-	-	
CAL77	1200505	I-5/I-8 Connector	-	729,000	(729,000)	-	-	
CAL78B	1280511	I-805 North: 2 HOV	-	401,000	(401,000)	-	-	
CAL78C	1280510	I-805 South: 2HOV & DAR	-	15,820,466	(15,820,466)	-	-	
CAL78C	1280514	I-805/SR15 Interchange	-	3,176,000	(3,176,000)	-	-	
		Total CAL78C	-	18,996,466	(18,996,466)	-	-	
CAL114	1200503	I-5/SR56 Interchange	-	54,000	(54,000)	-	-	
CAL120	1201510	SR 78 Auxiliary Lanes	-	(137,000)	137,000	-	-	(d)
CAL277	1207802	I-15/SR-78 HOV Connectors	-	318,000	(318,000)	-	-	
CAL325	1390504	State Routes 905/125/11 Connectors	-	769,000	(769,000)	-	-	
CAL369	1200507	I-5/Voigt Drive Direct Access Ramp	-	72,000	(72,000)	-	-	
SAN04	1201504	I-15 Managed Lane/Value Pricing	-	3,500	(3,500)	-	-	
SAN26	1201505	I-15 BRT Transit Stations	-	55,000	(55,000)	-	-	
		Subtotal Major Corridor - Pass Through	-	52,953,783	(52,953,783)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
		Balance Carried Forward - Major Corridor - Pass-Through	\$ -	\$ 52,953,783	\$ (52,953,783)	\$ -	\$ -	
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	-	779,000	(779,000)	-	-	
SAN47	1280504	South Bay BRT	-	128,000	(128,000)	-	-	
SAN146	1280512	I-805 Imperial BRT Station	-	37,200	(37,200)	-	-	
	1200100	<i>TransNet</i> EAP Program Management	-	69,000	(69,000)	-	-	
		Total Major Corridor - Pass-Through	-	53,966,983	(53,966,983)	-	-	
		Major Corridor:						
CAL09	1200501	I-5 North Coast	-	1,046,726	(1,046,726)	-	-	
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	4,234,913	(4,234,913)	-	-	
CAL09	3310708	TDM - North Coast Corridor	-	174,164	(174,164)	-	-	
		Total CAL09	-	5,455,803	(5,455,803)	-	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	-	4,660	(4,660)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	52,745	(52,745)	-	-	
CAL18	1201502	I-15 Managed Lanes-Middle Segment	-	1,303	(1,303)	-	-	
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	597,578	(597,578)	-	-	
CAL18B	1201501	I-15 Managed Lanes-South Segment	-	139,229	(139,229)	-	-	
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	-	(498,938)	498,938	-	-	(f)
		Total CAL18B	-	(359,709)	359,709	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	3,817	(3,817)	-	-	
CAL29	1207602	SR 76 Middle	-	448,803	(448,803)	-	-	
		Subtotal Major Corridor	-	6,205,000	(6,205,000)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
		Balance Carried Forward - Major Corridor	\$ -	\$ 6,205,000	\$ (6,205,000)	\$ -	\$ -	
CAL29B	1207606	SR 76 East	-	17,044	(17,044)	-	-	
CAL38	1390501	SR-905 New Freeway	-	-	-	-	-	
CAL67	1280508	SR 94 Widening	-	947,273	(947,273)	-	-	
CAL68	1212501	SR94-125 Widening	-	408,406	(408,406)	-	-	
CAL75	1200506	I-5 Genessee interchange and Widening	-	821,397	(821,397)	-	-	
CAL77	1200505	I-5/I-8 Connector	-	47,364	(47,364)	-	-	
CAL78B	1280511	I-805 North: 2 HOV	-	595,193	(595,193)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	394,635	(394,635)	-	-	
CAL78C	1280514	I-805/SR15 Interchange	-	1,057,289	(1,057,289)	-	-	
CAL78C	1280515	I-805 S Soundwalls	-	30,863	(30,863)	-	-	
		Total CAL78C	-	1,482,787	(1,482,787)	-	-	
CAL114	1200503	I-5/SR56 Interchange	-	4,509	(4,509)	-	-	
CAL120	1201510	SR 78 Auxiliary Lanes	-	655	(655)	-	-	
CAL277	1207802	I-15/SR-78 HOV Connectors	-	1,583	(1,583)	-	-	
CAL278	1207801	SR78 HOV/Managed Lanes	-	2,040	(2,040)	-	-	
CAL325	1390504	State Routes 905/125/11 Connectors	-	11,246	(11,246)	-	-	
		Subtotal Major Corridor	-	10,544,497	(10,544,497)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
		Balance Carried Forward - Major Corridor	\$ -	\$ 10,544,497	\$ (10,544,497)	\$ -	\$ -	
CAL369	1200507	I-5/Voigt Drive Direct Access Ramp	-	877,511	(877,511)	-	-	
NCTD40	1145200	Rail Station Improvements	-	226,035	(226,035)	-	-	
SAN04	1201504	I-15 Managed Lane/Value Pricing	-	311,244	(311,244)	-	-	
SAN04	3310400	I-15 Violation Enforcement System Study	-	54,310	(54,310)	-	-	
		Total SAN04	-	365,554	(365,554)	-	-	
SAN23	1257001	Mid-Coast Corridor Transit Project	-	55,319,467	(55,319,467)	-	-	
SAN26	1201505	I-15 BRT Transit Stations	-	1,318,506	(1,318,506)	-	-	
SAN26A	1201508	I-15 BRT Operations and Vehicles	-	(702,674)	702,674	-	-	(f)
SAN26B	1201509	Downtown BRT Stations	-	4,737,732	(4,737,732)	-	-	(f)
SAN26C	1201507	I-15 BRT Transit Stations - South	-	140,065	(140,065)	-	-	
SAN27	1300601	San Ysidro Intermodal Freight Facility	-	74,789	(74,789)	-	-	
SAN27	1300602	South Line Rail Freight Capacity	-	(288,198)	288,198	-	-	(f)
		Total SAN27	-	(213,409)	213,409	-	-	
SAN29	1239801	Sorrento to Miramar Double Track/Realign	-	1,603,559	(1,603,559)	-	-	
SAN29	1239812	Sorrento to Miramar Phase 2	-	385,145	(385,145)	-	-	
		Total SAN29	-	1,988,704	(1,988,704)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	-	206,746	(206,746)	-	-	
		Subtotal Major Corridor	-	74,808,734	(74,808,734)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
		Balance Carried Forward - Major Corridor	\$ -	\$ 74,808,734	\$ (74,808,734)	\$ -	\$ -	
SAN46	1041502	<i>SuperLoop</i>	-	2,659,406	(2,659,406)	-	-	
SAN47	1280504	Otay BRT	-	6,304,892	(6,304,892)	-	-	
SAN54	1144800	Regional Arterial Detection	-	16,219	(16,219)	-	-	
SAN54	2301500	Multimodal TSM/TDM Model Tool	-	323,294	(323,294)	-	-	
SAN54	3310500	511 ATIS	-	638,719	(638,719)	-	-	
SAN54	3311000	ITS Operations	-	822,788	(822,788)	-	-	
SAN54	3311100	Regional ITS Program Management	-	304,765	(304,765)	-	-	
SAN54	3311700	State of the Commute - PM	-	90,790	(90,790)	-	-	
SAN54	3311800	Connected Vehicle Development Program	-	188,675	(188,675)	-	-	
		Total SAN54	-	2,385,250	(2,385,250)	-	-	
SAN64	1239809	Eastbrook to Shell Double Track	-	87,503	(87,503)	-	-	
SAN67	1210080	Low Floor Vehicles	-	(25,843,395)	25,843,395	-	-	(f)
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	324,204	(324,204)	-	-	
SAN73	3310708	TDM - North Coast Corridor	-	174,165	(174,165)	-	-	
		Total SAN73	-	498,369	(498,369)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	5,020,561	(5,020,561)	-	-	
SAN116	1239803	Oceanside Station Stub Tracks	-	986,508	(986,508)	-	-	
SAN117	1239805	Poinsettia Run Through Track	-	19,927	(19,927)	-	-	
SAN123	1143200	University Town Center (UTC) Transit Center	-	47,699	(47,699)	-	-	
		Subtotal Major Corridor	-	66,975,454	(66,975,454)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2015	Notes
		Balance Carried Forward - Major Corridor	\$ -	\$ 66,975,454	\$ (66,975,454)	\$ -	\$ -	
SAN128	1201512	I-15 BRT Sabre Springs Parking Structure	-	54,525	(54,525)	-	-	
SAN129	1201514	Downtown Layover Facility	-	233,461	(233,461)	-	-	
SAN130	1239810	Carlsbad Village Double Track	-	192,972	(192,972)	-	-	
SAN131	1201511	Mira Mesa Blvd. BRT Priority Treatments	-	1,467,676	(1,467,676)	-	-	
SAN132	1239811	Elvira to Morena Double Track	-	1,582,455	(1,582,455)	-	-	
SAN133	1201513	South Bay BRT Maintenance Facility	-	5,620,988	(5,620,988)	-	-	
SAN146	1280512	I-805 Imperial BRT Station	-	341,626	(341,626)	-	-	
SAN149	1239814	Coaster PE	-	122,354	(122,354)	-	-	
SAN170	1210010	Orange and Blue Line Project Management	-	(510,747)	510,747	-	-	(f)
SAN171	1210020	Blue Line Crossovers and Signals	-	1,382,312	(1,382,312)	-	-	
SAN172	1210030	Blue Line Station Rehabilitation	-	13,954,625	(13,954,625)	-	-	
SAN173	1210040	Blue Line Rail Infrastructure	-	(1,706,961)	1,706,961	-	-	(f)
SAN174	1210050	Blue Line Communications Upgrades	-	985,071	(985,071)	-	-	
SAN176	1210070	System Station Platforms	-	(7,762,923)	7,762,923	-	-	(f)
SAN182	1239815	San Diego River Bridge	-	467,733	(467,733)	-	-	
SAN183	1239816	Batiquitos Lagoon Double Track	-	245,127	(245,127)	-	-	
SAN202	1201516	I-15 BRT Station Improvements	-	76,425	(76,425)	-	-	
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	-	58,932	(58,932)	-	-	
SAN212	1201517	BRT Wi-Fi Phase 1	-	53,118	(53,118)	-	-	
		Total Major Corridor	-	83,834,223	(83,834,223)	-	-	
		Total TransNet Extension	-	189,592,995	(189,592,995)	-	-	
		Total TransNet and TransNet Extension	\$ -	\$ 189,592,995	\$ (189,592,995)	\$ -	\$ -	

- Notes:**
- (a) On CIP 1207602 and Caltrans Project ID 11*44 phase 4, all expenditures above \$5,966,000 on the EMP invoice summary report have been moved to the EAP invoice summary report and reimbursed by T-2 EAP (T-2 MC).
 - (b) FY15 negative expenditure due to reversal of prior year accrual. Project was completed under budget.
 - (c) FY15 negative expenditure due to reversal of prior year retention. Project is complete and was cumulatively under matched. Therefore, previously withheld retention was reversed to project.
 - (d) A transfer was made to move expenditures from *TransNet* funds to other funds to balance the budget of each. See Caltrans audit for more detail.
 - (e) Refund from Caltrans for SR52 excess land sale.
 - (f) *TransNet* funds were returned in FY15 due to other funding received for prior year expenditures.

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project

Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2015
TransNet Extension:					
Administration:					
		SANDAG 1% Administration	\$ 16,241,910	\$ (16,241,910)	\$ -
		Total Administration	16,241,910	(16,241,910)	-
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through:					
CAL330	1223014	SR-15 Commuter Bike Facility	1,016,000	(1,016,000)	-
CB39	1223028	Carlsbad CATS	150,000	(150,000)	-
CB40	1223029	Active Village Campaign	203,879	(203,879)	-
CB41	1223027	Coastal Rail Trail Reach 1	133,486	(133,486)	-
CHV71	1223031	Main Street Streetscape Master Plan	272,722	(272,722)	-
NC17	1223035	4th St. Community Corridor	449,999	(449,999)	-
NC18	1223036	Bicycle Parking Enhancements	34,471	(34,471)	-
O29	1223038	Oceanside Blvd. Transit Access & Beautification Project	341,093	(341,093)	-
O30	1223039	2 Year Education/Encouragement/Awareness Project	141,434	(141,434)	-
O31	1223040	North Coast Transit Station Bike Station Project	81,802	(81,802)	-
SB15	1223050	Solana Beach Comprehensive Active Transportation Strategies (CATS)	131,172	(131,172)	-
SD221	1223041	San Diego River Bike Path & Mission Center Blvd. Improvement: Pedestrian Hybrid Beacon	284,987	(284,987)	-
SD222	1223042	Chollas Creek to Bayshore Bikeway - Multi-Use Path Design	346,145	(346,145)	-
SD223	1223043	Microwave Bicycle Detection (The Intersector)	182,393	(182,393)	-
SD224	1223045	Downtown Complete Streets Mobility Plan	165,001	(165,001)	-
SD225	1223044	Linda Vista CATS	132,195	(132,195)	-
SM51	1223046	San Marcos Bicycle and Pedestrian Plan	72,679	(72,679)	-
SM52	1223047	San Marcos Blvd. Complete Street Multi-Way Blvd.	104,534	(104,534)	-
SNT19	1223049	San Diego River Trail - South Side of the San Diego River	258,989	(258,989)	-
V05	1223026	Smart Growth Incentive/Transportation Enhancement Program	893,000	(893,000)	-
VISTA48	1223051	Vista Bicycle Master Plan	147,102	(147,102)	-
		Total BPNS - Pass Through	5,543,083	(5,543,083)	-
		Subtotal TransNet Extension	21,784,993	(21,784,993)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 21,784,993	\$ (21,784,993)	\$ -
		BPNS:			
CAL330	1223014	SR-15 Commuter Bike Facility	3,891	(3,891)	-
SAN40	3300300	<i>TransNet</i> Bike, Ped, Neighborhood	117,000	(117,000)	-
SAN102	1144300	Bayshore Bikeway - Segments 7 & 8a	532,751	(532,751)	-
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	1,162,679	(1,162,679)	-
SAN152	1223024	Coastal Rail Trail Phase 2B - Oceanside	954,000	(954,000)	-
SAN153	1223023	The Inland Rail Trail	4,162,192	(4,162,192)	-
SAN154	1129900	Bayshore Bikeway Segment 8B	342,043	(342,043)	-
SAN155	1223016	Coastal Rail Trail - Rose Creek	564,846	(564,846)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	234,765	(234,765)	-
SAN157	3300900	San Diego River Trail	84,409	(84,409)	-
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	814,184	(814,184)	-
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	2,747,395	(2,747,395)	-
SAN161	1144500	Sweetwater Bikeway - Plaza Bonita Segment	155,661	(155,661)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	267,956	(267,956)	-
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	40,453	(40,453)	-
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	43,288	(43,288)	-
SAN203	1223056	San Ysidro to IB Parkway	12,149	(12,149)	-
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	56,966	(56,966)	-
SAN205	1223057	NP to Downtown/Balboa Bikeway	100,502	(100,502)	-
SAN206	1223058	Southeast to Downtown Bikeway	22,849	(22,849)	-
SAN207	1223018	Coastal Rail Trail Encinitas: Chesterfield Dr to Solana Beach	1,216	(1,216)	-
		Total BPNS	12,421,195	(12,421,195)	-
		Subtotal <i>TransNet</i> Extension	34,206,188	(34,206,188)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 34,206,188	\$ (34,206,188)	\$ -
		Senior Services - Pass-Through:			
LAM27	1270400	La Mesa - Rides4Neighbors	733,765	(733,765)	-
NCTD34(A)	1270100	NCTD - Mobility/Travel Training Program	217,940	(217,940)	-
O21	1270500	Oceanside - Solutions for Seniors on the Go	835,456	(835,456)	-
O34	1270500	Oceanside - Senior Shuttle Program	47,695	(47,695)	-
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and Smiles	271,020	(271,020)	-
SAN87	1270700	Elderhelp - Volunteer Driver Program	567,636	(567,636)	-
SAN89	1270900	Independent Transportation Network San Diego	181,669	(181,669)	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	192,923	(192,923)	-
SAN92	1271300	Travelers Aid Society - SeniorRide	556,506	(556,506)	-
SAN139	1271500	FACT MedAccessRide	56,000	(56,000)	-
SAN140	1270800	FACT MedRide	388,233	(388,233)	-
SAN141	1271000	Jewish Family Services	664,083	(664,083)	-
SAN142	1271400	Friends of Adult Day Care	379,734	(379,734)	-
SAN168	1271900	FACT Mobility Management	82,914	(82,914)	-
SAN185	1270800	FACT - Ride FACT	39,283	(39,283)	-
SAN191	1270300	Alpha Project for the Homeless	194,998	(194,998)	-
SAN192	1271700	Bayside Community Center	9,643	(9,643)	-
SAN194	1272100	Mountain Health and Community	66,323	(66,323)	-
VISTA44	1270600	City of Vista + Out and About	288,094	(288,094)	-
		Total Senior Services - Pass-Through	5,773,915	(5,773,915)	-
		Subtotal <i>TransNet</i> Extension	39,980,103	(39,980,103)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 39,980,103	\$ (39,980,103)	\$ -
		Senior Services:			
SAN40	3320100	Short Range Transit Svc Activities	252,000	(252,000)	-
		Total Senior Services	252,000	(252,000)	-
		Smart Growth - Pass-Through:			
CHV63	1224002	Palomar Gateway Spec Plan	394,692	(394,692)	-
CHV73	1224015	Third Ave. Streetscape Implementation Project - Phase 2	231,907	(231,907)	-
CHV74	1224016	Healthy Communities Program	95,032	(95,032)	-
IB15	1224017	Palm Avenue Mixed-Use and Commercial Corridor Master Plan	366,742	(366,742)	-
LAM45	1224018	Downtown Village Streetscape Improvement Project (Part 2)	1,159,577	(1,159,577)	-
LG21	1224019	Main Street Promenade Extension Planning Project	230,348	(230,348)	-
NC12	1224003	8th St Corridor Smart Growth Revitalization	2,000,000	(2,000,000)	-
NC19	1224020	Downtown-Westside Community Connections	1,357,551	(1,357,551)	-
SD201	1224004	Mid-City SR15 BRT Station Area Planning Study	204,509	(204,509)	-
SD202	1224005	Chollas Triangle Master Plan	233,550	(233,550)	-
SD214	1224010	Park Blvd/City College/San Diego High	107,072	(107,072)	-
SD227	1224021	Morena Blvd Station Area Study Phase 2	56,830	(56,830)	-
SD228	1224022	The Complete Boulevard Planning Study	37,699	(37,699)	-
SD229	1224023	Island Ave. Green Street Mobility Improvements	110,479	(110,479)	-
SD230	1224024	Wayfinding Signage	325,000	(325,000)	-
SD231	1224025	East Village Green/14th Street Promenade Master Plan	99,204	(99,204)	-
SM53	1224026	Armorlite Complete Street Corridor	108,568	(108,568)	-
VISTA52	1224027	Vista Downtown Specific Plan Update	143,704	(143,704)	-
		Total Smart Growth - Pass-Through	7,262,464	(7,262,464)	-
		Subtotal <i>TransNet</i> Extension	47,494,567	(47,494,567)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 47,494,567	\$ (47,494,567)	\$ -
		Smart Growth:			
SAN40	3300100	TransNet Smart Growth Incentive Program	150,000	(150,000)	-
		Total Smart Growth	150,000	(150,000)	-
		Local Street Improvements			
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	23,400	(23,400)	-
CHV39	3311002	Traffic Signal System Optimization	46,500	(46,500)	-
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	25,000	(25,000)	-
EL06	3311002	Traffic Signals Project	29,100	(29,100)	-
ENC28	3311002	Traffic Signal Modifications	22,200	(22,200)	-
LAM46	3311002	Regional Arterial Management System (RAMS) - (CR)	7,400	(7,400)	-
NC04	3311002	Traffic Signal Install/Upgrade	24,000	(24,000)	-
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	22,400	(22,400)	-
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	14,600	(14,600)	-
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	135,200	(135,200)	-
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	21,600	(21,600)	-
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	14,800	(14,800)	-
VISTA51	3311002	Minor Traffic Signal Modifications	17,600	(17,600)	-
		Total Local Street Improvements	403,800	(403,800)	-
		Subtotal <i>TransNet</i> Extension	48,048,367	(48,048,367)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 48,048,367	\$ (48,048,367)	\$ -
		Regional Environmental Mitigation Program (EMP) - Pass-Through:			
CAL29	1207602	Caltrans SR 76 Middle EMP	5,966,000	(5,966,000)	-
CAL29B	1207606	Caltrans SR 76 East EMP	6,034,000	(6,034,000)	-
V07	12002xx	Caltrans EMP	46,590,885	(46,590,885)	-
V08	1200311	Gnatcatcher/Cactus Wren - Chula Vista	359,059	(359,059)	-
V08	1200326	SD County Salt Creek Recovery	106,603	(106,603)	-
V08	1200344	River Habitat San Diego River	527,557	(527,557)	-
V08	1200347	Lusardi Creek	105,091	(105,091)	-
V08	1200348	San Pasqual Valley Weed	69,393	(69,393)	-
V08	1200351	Lakeside Linkage	158,337	(158,337)	-
V08	1200352	Chula Vista Tarplant-Thornmint	268,378	(268,378)	-
V08	1200353	Crest Canyon Invasive Removal	67,602	(67,602)	-
V08	1200358	Carlsbad Hydrologic Unit	194,450	(194,450)	-
V08	1200359	Audubon Mission Bay Park	73,558	(73,558)	-
V08	1200366	City of Chula Vista Salt Creek	167,369	(167,369)	-
V08	1200367	USGS Western Pond Turtle	133,263	(133,263)	-
V08	1200368	CNLM Acanthomintha	40,271	(40,271)	-
V08	1200379	San Luis Rey and Santa Margarita Watersheds Arundo Re-treatment	166,370	(166,370)	-
V08	1200380	Phase 3 Radio-Encanto Restoration, Maintenance, and Monitoring	61,889	(61,889)	-
V08	1200381	South County Grasslands Phase 2	270,207	(270,207)	-
V08	1200382	SDNWR: (Shinohara) Vernal Pool Invasive Weed Treatment	53,953	(53,953)	-
V08	1200383	Sycamore Canyon and Goodan Ranch Invasive Removal and Habitat Restoration	97,936	(97,936)	-
V08	1200384	Dehesa Nolina and Dudleya	65,711	(65,711)	-
V08	1200385	San Diego Thornmint and Quino Checkerspot Butterfly	57,073	(57,073)	-
V08	1200386	California Least Tern	28,890	(28,890)	-
V08	1200387	Cactus Wren	52,607	(52,607)	-
		Subtotal V08	3,125,567	(3,125,567)	-
		Subtotal <i>TransNet</i> Extension	109,764,819	(109,764,819)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 109,764,819	\$ (109,764,819)	\$ -
		Balance Carried Forward - Subtotal V08	3,125,567	(3,125,567)	-
V08	1200388	Rare Plants	81,727	(81,727)	-
V08	1200389	North County Dunes Restoration (Coastal Species)	118,665	(118,665)	-
V08	1200390	SD Bay NWR: California least tern and Western snowy plover Recovery at D Street Nesting Site	70,709	(70,709)	-
V08	1200391	South San Diego County Community Outreach and Habitat Stewardship	152,336	(152,336)	-
V08	1200392	San Diego River Park Watch	124,632	(124,632)	-
V08	1200393	Los Penasquitos Management	90,345	(90,345)	-
		Total V08	3,763,981	(3,763,981)	-
		Total Regional EMP - Pass-Through	65,480,433	(65,480,433)	-
		Environmental Mitigation Program (EMP):			
V07	12002xx	Biological Mitigation	103,789,083	(103,789,083)	-
V08	12003xx	Regional Habitat Conservation Fund	14,008,596	(14,008,596)	-
		Total EMP	117,797,679	(117,797,679)	-
		Transit System Improvement:			
SAN79	1142500	Centralized Train Control	431,231	(431,231)	-
		Total Transit System Improvement	431,231	(431,231)	-
		BRT/Rail Operations			
SAN80	3310700	TransNet Major Transit Corridor Operations	6,534	(6,534)	-
		Total BRT/Rail Operations	6,534	(6,534)	-
		Subtotal <i>TransNet</i> Extension	228,638,677	(228,638,677)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 228,638,677	\$ (228,638,677)	\$ -
		Major Corridor - Pass-Through:			
CAL09	1200501	I-5 North Coast	13,976,450	(13,976,450)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	42,242,000	(42,242,000)	-
		Total CAL09	56,218,450	(56,218,450)	-
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	22,137,455	(22,137,455)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	25,318,100	(25,318,100)	-
CAL18	1201502	I-15 Managed Lanes-Middle Segment	6,262,301	(6,262,301)	-
CAL18A	1201503	I-15 Managed Lanes-North Segment	30,781,353	(30,781,353)	-
CAL18B	1201501	I-15 ML-S. Segment and Mira Mesa Transit Center	25,635,880	(25,635,880)	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	21,692,230	(21,692,230)	-
		Total CAL18B	47,328,110	(47,328,110)	-
CAL26	1205203	State Route 52 Freeway (E&F)	58,980,868	(58,980,868)	-
CAL29	1207602	SR 76 Middle	40,936,262	(40,936,262)	-
CAL29B	1207606	SR 76 East	32,737,143	(32,737,143)	-
CAL38	1390501	SR-905 New Freeway	835,208	(835,208)	-
		Subtotal Major Corridor - Pass Through	321,535,250	(321,535,250)	-
		Subtotal <i>TransNet</i> Extension	550,173,927	(550,173,927)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 550,173,927	\$ (550,173,927)	\$ -
		Balance Carried Forward - Subtotal Major Corridor - Pass-Through	321,535,250	(321,535,250)	-
CAL67	1280508	SR 94 Widening	7,655,000	(7,655,000)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	3,248,000	(3,248,000)	-
CAL77	1200505	I-5/I-8 Connector	1,029,000	(1,029,000)	-
CAL78B	1280511	I-805 North: 2HOV	1,187,000	(1,187,000)	-
CAL78C	1280510	I-805 South: 2 HOV and DAR	72,189,466	(72,189,466)	-
CAL78C	1280514	I-805/SR15 Interchange	6,685,000	(6,685,000)	-
		Total CAL78C	78,874,466	(78,874,466)	-
CAL114	1200503	I-5/SR56 Interchange	134,000	(134,000)	-
CAL120	1201510	SR 78 Auxiliary Lanes	6,125,000	(6,125,000)	-
CAL277	1207802	I-15/SR-78 HOV Connectors	412,000	(412,000)	-
CAL325	1390504	State Routes 905/125/11 Connectors	2,614,000	(2,614,000)	-
CAL369	1200507	I-5/Voigt Drive Direct Access Ramp	72,000	(72,000)	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	501,362	(501,362)	-
SAN26	1201505	I-15 BRT Transit Stations	708,700	(708,700)	-
		Subtotal Major Corridor - Pass-Through	424,095,778	(424,095,778)	-
		Subtotal <i>TransNet</i> Extension	652,734,455	(652,734,455)	-

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>Project Status June 30, 2015</u>
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 652,734,455	\$ (652,734,455)	\$ -
		Balance Carried Forward - Subtotal Major Corridor - Pass-Through	424,095,778	(424,095,778)	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	3,212,700	(3,212,700)	-
SAN47	1280504	South Bay BRT	2,373,423	(2,373,423)	-
SAN146	1280512	I-805 Imperial BRT Station	72,800	(72,800)	-
	1200100	TransNet EAP Program Mgmt	433,200	(433,200)	-
		Total Major Corridor - Pass Through	430,187,901	(430,187,901)	-
		Major Corridor:			
CAL09	1200501	I-5 North Coast	14,831,390	(14,831,390)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	8,247,187	(8,247,187)	-
CAL09	3310708	TDM - North Coast Corridor	387,874	(387,874)	-
		Total CAL09	23,466,451	(23,466,451)	-
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	1,983,222	(1,983,222)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	4,686,158	(4,686,158)	-
CAL18	1201502	I-15 Managed Lanes - Middle Segment	1,328,333	(1,328,333)	-
CAL18A	1201503	I-15 Managed Lanes - North Segment	19,640,175	(19,640,175)	-
CAL18B	1201501	I-15 Managed Lanes - South Segment	14,562,198	(14,562,198)	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	6,030,547	(6,030,547)	-
		Total CAL18B	20,592,745	(20,592,745)	-
		Subtotal Major Corridor	71,697,084	(71,697,084)	-
		Subtotal <i>TransNet</i> Extension	730,523,662	(730,523,662)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 730,523,662	\$ (730,523,662)	\$ -
		Balance Carried Forward - Major Corridor	71,697,084	(71,697,084)	-
CAL26	1205203	State Route 52 Freeway (E&F)	16,996,199	(16,996,199)	-
CAL29	1207602	SR 76 Middle	9,987,704	(9,987,704)	-
CAL29B	1207606	SR 76 East	11,129,518	(11,129,518)	-
CAL38	1390501	SR-905 New Freeway	725,681	(725,681)	-
CAL67	1280508	SR-94 Widening	3,015,126	(3,015,126)	-
CAL68	1212501	SR-94-125 Widening	1,537,638	(1,537,638)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	3,641,091	(3,641,091)	-
CAL77	1200505	I-5/I-8 Connector	71,160	(71,160)	-
CAL78B	1280511	I-805 North: 2 HOV	1,620,805	(1,620,805)	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	8,223,294	(8,223,294)	-
CAL78C	1280514	I-805/SR15 Interchange	1,084,980	(1,084,980)	-
CAL78C	1280515	I-805 S Soundwalls	30,863	(30,863)	-
		Total CAL78C	9,339,137	(9,339,137)	-
CAL114	1200503	I-5/SR 56 Interchange	43,931	(43,931)	-
		Subtotal Major Corridor	129,805,074	(129,805,074)	-
		Subtotal <i>TransNet</i> Extension	788,631,652	(788,631,652)	-

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>Project Status June 30, 2015</u>
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 788,631,652	\$ (788,631,652)	\$ -
		Balance Carried Forward - Major Corridor	129,805,074	(129,805,074)	-
CAL120	1201510	SR 78 Auxiliary Lanes	1,364,186	(1,364,186)	-
CAL277	1207802	I-15/SR-78 HOV Connectors	4,832	(4,832)	-
CAL278	1207801	SR78 HOV/Managed Lanes	8,442	(8,442)	-
CAL325	1390504	State Routes 905/125/11 Connectors	74,317	(74,317)	-
CAL369	1200507	I-5/Voigt Drive Direct Access Ramp	877,511	(877,511)	-
NCTD40	1145200	Rail Station Improvements	226,035	(226,035)	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	24,550,388	(24,550,388)	-
SAN04	3310400	I-15 Violation Enforcement System Study	127,080	(127,080)	-
		Total SAN04	24,677,468	(24,677,468)	-
SAN23	1257001	Mid-Coast Corridor Transit Project	123,136,155	(123,136,155)	-
SAN26	1201505	I-15 BRT Transit Stations	7,997,721	(7,997,721)	-
SAN26A	1201508	I-15 BRT Operations and Vehicles	22,734,356	(22,734,356)	-
SAN26B	1201509	Downtown BRT Stations	9,678,716	(9,678,716)	-
SAN26C	1201507	I-15 BRT Transit Stations - South	7,298,560	(7,298,560)	-
		Subtotal Major Corridor	327,883,373	(327,883,373)	-
		Subtotal <i>TransNet</i> Extension	986,709,951	(986,709,951)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 986,709,951	\$ (986,709,951)	\$ -
		Balance Carried Forward - Major Corridor	327,883,373	(327,883,373)	-
SAN27	1300601	San Ysidro Intermodal Freight Facility	2,482,654	(2,482,654)	-
SAN27	1300602	South Line Rail Freight Capacity	2,284,031	(2,284,031)	-
		Total SAN27	4,766,685	(4,766,685)	-
SAN29	1239801	Sorrento to Miramar Double Track/Realign	29,495,886	(29,495,886)	-
SAN29	1239812	Sorrento to Miramar Phase 2	2,231,805	(2,231,805)	-
		Total SAN29	31,727,691	(31,727,691)	-
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	1,556,799	(1,556,799)	-
SAN46	1041502	<i>SuperLoop</i>	28,485,066	(28,485,066)	-
SAN47	1280504	Otay BRT	21,699,983	(21,699,983)	-
SAN54	1144800	Regional Arterial Detection	139,860	(139,860)	-
SAN54	2301500	Multimodal TSM/TDM Model Tool	673,063	(673,063)	-
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	639,067	(639,067)	-
SAN54	3310709	TDM Vanpool & Carpool Market Analysis	22,647	(22,647)	-
SAN54	3311000	ITS Operations	7,119,606	(7,119,606)	-
SAN54	3311100	Regional ITS Program Management	1,085,918	(1,085,918)	-
SAN54	3311700	State of the Commute - PM	90,790	(90,790)	-
SAN54	3311800	Connected Vehicle Development Program	347,544	(347,544)	-
		Total SAN54	10,118,495	(10,118,495)	-
		Subtotal Major Corridor	426,238,092	(426,238,092)	-
		Subtotal <i>TransNet</i> Extension	1,085,064,670	(1,085,064,670)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 1,085,064,670	\$ (1,085,064,670)	\$ -
		Balance Carried Forward - Major Corridor	426,238,092	(426,238,092)	-
SAN64	1239809	Eastbrook to Shell Double Track	2,477,899	(2,477,899)	-
SAN67	1210080	Low Floor Vehicles	36,427,756	(36,427,756)	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	905,865	(905,865)	-
SAN73	3310708	TDM - North Coast Corridor	387,874	(387,874)	-
		Total SAN73	1,293,739	(1,293,739)	-
SAN78	1240001	Mid-City Rapid Bus	18,852,388	(18,852,388)	-
SAN116	1239803	Oceanside Station Stub Tracks	4,348,304	(4,348,304)	-
SAN117	1239805	Poinsettia Run Through Track	269,325	(269,325)	-
SAN119	1239807	Sorrento Valley Double Track	1,047,755	(1,047,755)	-
SAN123	1143200	University Town Center (UTC) Transit Center	77,193	(77,193)	-
		Subtotal Major Corridor	491,032,451	(491,032,451)	-
		Subtotal <i>TransNet</i> Extension	1,149,859,029	(1,149,859,029)	-

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	Project Status June 30, 2015
		Balance Carried Forward - <i>TransNet</i> Extension	\$ 1,149,859,029	\$ (1,149,859,029)	\$ -
		Balance Carried Forward - Major Corridor	491,032,451	(491,032,451)	-
SAN128	1201512	I-15 BRT Sabre Springs Parking Structure	14,396,086	(14,396,086)	-
SAN129	1201514	Downtown Layover Facility	961,757	(961,757)	-
SAN130	1239810	Carlsbad Village Double Track	1,944,247	(1,944,247)	-
SAN131	1201511	Mira Mesa Blvd. BRT Priority Treatments	2,336,805	(2,336,805)	-
SAN132	1239811	Elvira to Morena Double Track	3,301,204	(3,301,204)	-
SAN133	1201513	South Bay BRT Maintenance Facility	30,750,111	(30,750,111)	-
SAN146	1280512	I-805 Imperial BRT Station	815,980	(815,980)	-
SAN149	1239814	Coaster PE	798,846	(798,846)	-
SAN170	1210010	Orange and Blue Line Project Management	12,217,402	(12,217,402)	-
SAN171	1210020	Blue Line Crossovers and Signals	10,343,281	(10,343,281)	-
SAN172	1210030	Blue Line Station Rehabilitation	23,994,068	(23,994,068)	-
SAN173	1210040	Blue Line Rail Infrastructure	13,725,866	(13,725,866)	-
SAN174	1210050	Blue Line Communications Upgrades	4,743,533	(4,743,533)	-
SAN176	1210070	System Station Platforms	26,581,753	(26,581,753)	-
SAN182	1239815	San Diego River Bridge	887,663	(887,663)	-
SAN183	1239816	Batiquitos Lagoon Double Track	365,511	(365,511)	-
SAN202	1201516	I-15 BRT Station Improvements	76,638	(76,638)	-
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	58,932	(58,932)	-
SAN212	1201517	BRT Wi-Fi Phase 1	53,118	(53,118)	-
		Total Major Corridor	639,385,252	(639,385,252)	-
		Subtotal Cumulative <i>TransNet</i> Extension	1,298,211,830	(1,298,211,830)	-

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	Project Status June 30, 2015
		Balance Carried Forward - Subtotal Cumulative <i>TransNet</i> Extension	\$ 1,298,211,830	\$ (1,298,211,830)	\$ -
		Completed Projects			
		Bike, Pedestrians & Neighborhood Safety (BPNS):	4,888,594	(4,888,594)	-
		Senior Services	1,690,010	(1,690,010)	-
		Smart Growth	5,313,465	(5,313,465)	-
		Transit Systems Improvement	11,000,000	(11,000,000)	-
		Local Street Improvements	3,245,219	(3,245,219)	-
		Regional Environmental Mitigation Program	6,462,407	(6,462,407)	-
		Major Corridor	184,126,864	(184,126,864)	-
		Total Completed Projects	216,726,559	(216,726,559)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 1,514,938,389	\$ (1,514,938,389)	\$ -

CITY OF SANTEE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2015

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. 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.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$1,919,233. We selected \$852,281 (44.41%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2015 at the rate of 29.1% of direct salary and benefit costs associated with each project. The City's indirect cost plan has not been reviewed by a cognizant agency. The City's indirect cost plan is reviewed internally and updated annually. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the “adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- I. 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: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.
8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2015 apportionment	\$1,345,290
Less: debt service payment	<u>(827,579)</u>
Net estimated apportionment	517,711
30% base	<u>30%</u>
Fiscal year 2015 30% threshold	<u>155,313</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	117,688
Maintenance fund balance	<u>(15,096)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>102,592</u>
Fund balance under apportionment	<u>\$ 52,721</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$117,688	\$(761,861)	\$ (644,173)
Maintenance	<u>(15,096)</u>	<u>2,327,852</u>	<u>2,312,756</u>
Totals	<u>\$102,592</u>	<u>\$1,565,991</u>	<u>\$1,668,583</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 2.90% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$16,186,073	\$(858,368)	\$15,327,705
Maintenance	513,706	2,300,142	2,813,848
Interest	<u>2,319</u>	<u>124,217</u>	<u>126,536</u>
Total local street and road revenue	<u>\$16,702,098</u>	<u>\$1,565,991</u>	<u>\$18,268,089</u>
30% of total local street and road revenue			5,480,427
Less maintenance expenditures incurred to date			<u>529,508</u>
Available maintenance funds			<u>\$ 4,950,919</u>
Cumulative percentage expended for maintenance			<u>2.90%</u>

11. 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 staff.

Results: Results are as follows as of June 30, 2015.

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Interest</u> <u>Payments</u>
2010 Series B	\$6,763,961	\$ -	\$317,932	\$6,446,029	\$276,204
2014 Bonds	-	4,500,000	37,500	4,462,500	195,943

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated on the following page:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2015, divided by General fund revenues as of June 30, 2012	<u>\$36,761,648</u>	<u>\$31,393,321</u>	<u>1.17</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.17.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$485,044
Growth rate	<u>1.17</u>
Adjusted MOE base as of June 30, 2015	<u>\$567,501</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$794,602
Less MOE base year requirement	<u>485,044</u>
Excess MOE for the year ended June 30, 2015	<u>\$309,558</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. If unallowable expenditures were identified in procedure 14.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on September 29, 2015.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: This procedure is not applicable as the City did not include any administrative projects in the RTIP.

- 16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

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
April 25, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SANTEE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SNT20	N/A	Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
SNT04	2011-05	Citywide Pavement Repair & Rehab Other Phases	79,265	-	416	-	(9,655)	70,026	(a) (b)
SNT04	2013-21	Carlton Hills Storm Drain Improvements	(10,490)	55,000	-	(20,333)	-	24,177	
SNT04	2014-07	Woodside Avenue Street Improvements	(26,133)	775,000	-	(727,882)	-	20,985	
SNT04	2015-03	Citywide Pavement Repair & Rehab 2015	-	34,747	-	(44,402)	9,655	-	(b)
SNT04	2015-08	Citywide Crack Sealing Program 2015	-	70,000	-	(67,500)	-	2,500	
		Subtotal SNT04	42,642	934,747	416	(860,117)	-	117,688	
SNT17	2013-05	Pavement Condition Report	18	-	-	(18)	-	-	
		2010 Series B Bonds Debt Service	-	594,136	-	(594,136)	-	-	
		2014 Bonds Debt Service	-	233,443	-	(233,443)	-	-	
		Total Congestion Relief	42,660	1,762,326	416	(1,687,714)	-	117,688	
Maintenance:									
SNT22	2015-10	Citywide Pavement Maintenance 2015	-	-	-	(15,096)	-	(15,096)	(c)
		Total Maintenance	-	-	-	(15,096)	-	(15,096)	
		Total Local Street Improvements	42,660	1,762,326	416	(1,702,810)	-	102,592	

CITY OF SANTEE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
		Bikes and Pedestrian:							
SNT19	2013-30	River Trail - Walmart to Cuyamaca	\$ (49,966)	\$ 258,989	\$ -	\$ (209,023)	\$ -	\$ -	(d)
		Total Bikes and Pedestrian	(49,966)	258,989	-	(209,023)	-	-	
		GASB 31 Fair Market Value Adjustment	(557)	-	(107)	-	-	(664)	
		Total TransNet Extension	\$ (7,863)	\$ 2,028,715	\$ 309	\$ (1,919,233)	\$ -	\$ 101,928	

- Notes:
- (a) Project is complete. The City will transfer these funds to another SNT 04 project in FY16.
 - (b) Transfer within the same MPO ID.
 - (c) The City will draw down funds during FY16.
 - (d) Project is complete.

CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project

Year Ended June 30, 2015

SCHEDULE B

<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>Status June 30, 2015</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass Through:						
SNT20		Regional Arterial Management Systems	\$ 22,200	\$ -	\$ (22,200)	\$ -
		Total Congestion Relief - Pass Through	<u>22,200</u>	<u>-</u>	<u>(22,200)</u>	<u>-</u>
Congestion Relief:						
SNT04	2011-01	Citywide Pavement Repair & Rehab Phase 1	3,552,216	515	(3,552,731)	-
SNT04	2011-05	Citywide Pavement Repair & Rehab Other Phases	2,738,536	991	(2,669,501)	70,026
SNT04	2013-21	Carlton Hills Storm Drain Improvements	566,677	-	(542,500)	24,177
SNT04	2014-07	Woodside Ave Street Improvements	775,000	-	(754,015)	20,985
SNT04	2015-03	Citywide Pavement Repair & Rehab 2015	44,402	-	(44,402)	-
SNT04	2015-08	Citywide Crack Sealing Program 2015	<u>70,000</u>	<u>-</u>	<u>(67,500)</u>	<u>2,500</u>
		Subtotal SNT04	7,746,831	1,506	(7,630,649)	117,688
SNT17	2013-05	Pavement Condition Report	65,000	-	(65,000)	-
		2010 Series B Bonds Debt Service	2,940,433	-	(2,940,433)	-
		2014 Bonds Debt Service	<u>233,443</u>	<u>-</u>	<u>(233,443)</u>	<u>-</u>
		Total Congestion Relief	<u>10,985,707</u>	<u>1,506</u>	<u>(10,869,525)</u>	<u>117,688</u>
Maintenance:						
SNT16	2012-10	Illuminated Street Sign Replacement	77,107	146	(77,253)	-
SNT22	2015-10	Citywide Pavement Maintenance 2015	<u>-</u>	<u>-</u>	<u>(15,096)</u>	<u>(15,096)</u>
		Total Maintenance	<u>77,107</u>	<u>146</u>	<u>(92,349)</u>	<u>(15,096)</u>
		Total Local Street Improvements	<u>11,085,014</u>	<u>1,652</u>	<u>(10,984,074)</u>	<u>102,592</u>

CITY OF SANTEE, CALIFORNIA

SCHEDULE B

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project (Continued)

Year Ended June 30, 2015

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Status June 30, 2015
		Bikes and Pedestrian:				
SNT19	2013-30	River Trail - Walmart to Cuyamaca	<u>258,989</u>	-	<u>(258,989)</u>	-
		Total Bikes and Pedestrians	<u>258,989</u>	-	<u>(258,989)</u>	-
		Subtotal Cumulative <i>TransNet</i> Extension	<u>11,344,003</u>	<u>1,652</u>	<u>(11,243,063)</u>	<u>102,592</u>
		Completed Projects				
		Local Street Improvements:				
		Congestion Relief	5,178,166	107	(5,178,273)	-
		Maintenance	436,599	560	(437,159)	-
		Commercial Paper Debt Service	3,979,674	-	(3,979,674)	-
		Bikes and Pedestrian	<u>164,152</u>	-	<u>(164,152)</u>	-
		Total Completed Projects	<u>9,758,591</u>	<u>667</u>	<u>(9,759,258)</u>	-
		Total Cumulative <i>TransNet</i> Extension:	<u>\$ 21,102,594</u>	<u>\$ 2,319</u>	<u>\$(21,002,321)</u>	<u>\$ 102,592</u>

CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

SCHEDULE C

Project Year	Last Date to Spend funds	Cumulative				Cumulative	
		Funds Received	Interest Income	Project Expenditures	City Adjustments (a)	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 270,000	\$ 3,930	\$ (117,111)	\$ 477	\$ 157,296	\$ 156,360
For Fiscal Year ended June 30, 2010	June 30, 2017	316,200	8,056	-	987	325,243	323,308
For Fiscal Year ended June 30, 2011	June 30, 2018	124,860	3,172	-	389	128,421	127,657
For Fiscal Year ended June 30, 2012	June 30, 2019	173,607	4,402	-	541	178,550	177,488
For Fiscal Year ended June 30, 2013	June 30, 2020	204,965	5,204	-	636	210,805	209,551
For Fiscal Year ended June 30, 2014	June 30, 2021	384,278	4,318	-	-	388,596	386,284
For Fiscal Year ended June 30, 2015	June 30, 2022	106,441	637	-	-	107,078	-
Total RTCIP Funds		<u>\$ 1,580,351</u>	<u>\$ 29,719</u>	<u>\$ (117,111)</u>	<u>\$ 3,030</u>	<u>\$ 1,495,989</u>	<u>\$ 1,380,648</u>

Notes:

(a) City adjustments represent a correction to interest income in a prior year.

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2015

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. 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.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$417,426. We selected \$107,031 (25.64%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2015.
- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or

expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as indicated on the following page:

Fiscal year 2015 apportionment	\$413,994
Less: debt service payment	<u>(219,600)</u>
Net estimated apportionment	194,394
30% base	<u>30%</u>
Fiscal year 2015 30% threshold	<u>58,318</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	21,513
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>21,513</u>
Fund balance under apportionment	<u>\$ 36,805</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$21,513	\$(78,545)	\$(57,032)
Maintenance	<u>-</u>	<u>770,310</u>	<u>770,310</u>
Totals	<u>\$21,513</u>	<u>\$691,765</u>	<u>\$713,278</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City of Solana Beach expended 1.90% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$7,802,305	\$ (120,206)	\$7,682,099
Maintenance	164,237	756,100	920,337
Interest	<u>3,991</u>	<u>55,871</u>	<u>59,862</u>
 Total local street and road revenue	 <u>\$7,970,533</u>	 <u>\$691,765</u>	 <u>\$8,662,298</u>
 30% of total local street and road revenue			 \$2,598,689
Less maintenance expenditures incurred to date			 <u>164,237</u>
 Available maintenance funds			 <u>\$2,434,452</u>
 Cumulative percentage expended for maintenance			 <u>1.90%</u>

11. 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 staff.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Interest</u> <u>Payments</u>
2010 Series A	\$5,499,999	\$ -	\$ -	\$5,499,999	\$219,600

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth</u> <u>Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.3</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2015 divided by General Fund revenues as of June 30, 2012	<u>\$15,702,820</u>	<u>\$14,323,879</u>	<u>1.10</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.10.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$416,150
Growth rate	<u>1.10</u>
Adjusted MOE base as of June 30, 2015	<u>\$457,765</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$810,403
Less MOE base year requirement	<u>(416,150)</u>
Excess MOE for the year ended June 30, 2015	<u>\$394,253</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. If unallowable expenditures were identified in procedure 14.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 26, 2015.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 16. 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.

- 17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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.

Handwritten signature in blue ink that reads "Denise Fann UP".

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF SOLANA BEACH, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet:									
Local Streets and Roads:									
SB14	9510	Traffic Signal Maintenance & Upgrades	\$ 13,147	\$ -	\$ -	\$ -	\$ (13,147)	\$ -	(a)
		Total Local Streets and Roads	<u>13,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,147)</u>	<u>-</u>	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
SB07	9386	Highway 101 Streetscaping	22,884	-	-	(4,590)	(18,294)	-	(b)
SB11	9321	Traffic Calming Improvements	(801)	-	-	(8,876)	13,147	3,470	(a)
SB16	9362.15	Annual Pavement Management 2010 Series A Bonds	-	113,747	-	(113,998)	18,294	18,043	(c)
			<u>-</u>	<u>219,600</u>	<u>-</u>	<u>(219,600)</u>	<u>-</u>	<u>-</u>	
		Total Congestion Relief	<u>22,083</u>	<u>333,347</u>	<u>-</u>	<u>(347,064)</u>	<u>13,147</u>	<u>21,513</u>	
		Total Local Street Improvements	<u>22,083</u>	<u>333,347</u>	<u>-</u>	<u>(347,064)</u>	<u>13,147</u>	<u>21,513</u>	
Bikes and Pedestrian:									
SB15	9960	CATS - Bike Pedestrian Calming	(28,752)	66,330	-	(70,362)	-	(32,784)	(c)
		Total Bikes and Pedestrian	<u>(28,752)</u>	<u>66,330</u>	<u>-</u>	<u>(70,362)</u>	<u>-</u>	<u>(32,784)</u>	
		Subtotal <i>TransNet</i> Extension	<u>(6,669)</u>	<u>399,677</u>	<u>-</u>	<u>(417,426)</u>	<u>13,147</u>	<u>(11,271)</u>	

CITY OF SOLANA BEACH, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2014</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2015</u>	<u>Notes</u>
		Balance carried forward	\$ (6,669)	\$ 399,677	\$ -	\$ (417,426)	\$ 13,147	\$ (11,271)	
		Interest Income	3,493	-	76	-	-	3,569	
		Total <i>TransNet</i> Extension	(3,176)	399,677	76	(417,426)	13,147	(7,702)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	9,971	399,677	76	(417,426)	-	(7,702)	
		GASB 31 Fair Market Value Adjustment	(1,631)	-	1	-	-	(1,630)	
		Total after GASB 31 Adjustment	\$ 8,340	\$ 399,677	\$ 77	\$ (417,426)	\$ -	\$ (9,332)	

Notes:

- (a) Project is complete and City moved remaining funds to SB11 per Resolution No. 2015-060 on 05/27/15 and RTIP Amendment 14-05.
- (b) Project is complete and City moved remaining funds to SB 16 per Resolution No. 2016-022 on 02/24/16.
- (c) Project is ongoing and is expected to be completed in FY16. To remove the deficit balance, the City will submit a reimbursement request in FY16.

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2015</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SB07	9386	Highway 101 Streetscaping	\$ 5,863,056	\$ -	\$ (5,863,056)	\$ -
SB11	9321	Traffic Calming Improvements	57,270	-	(53,800)	3,470
SB16	9362.15	Annual Pavement Management	132,041	-	(113,998)	18,043
		2010 Series A Bonds	<u>1,056,740</u>	<u>-</u>	<u>(1,056,740)</u>	<u>-</u>
		Total Congestion Relief	<u>7,109,107</u>	<u>-</u>	<u>(7,087,594)</u>	<u>21,513</u>
Bike and Pedestrian:						
SB15	9960	CATS- Bike Pedestrian Calming	<u>103,202</u>	<u>-</u>	<u>(135,986)</u>	<u>(32,784)</u>
		Total Bikes and Pedestrian	<u>103,202</u>	<u>-</u>	<u>(135,986)</u>	<u>(32,784)</u>
		Total Local Street Improvements	<u>7,212,309</u>	<u>-</u>	<u>(7,223,580)</u>	<u>(11,271)</u>
		Interest Income	<u>-</u>	<u>3,569</u>	<u>-</u>	<u>3,569</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>7,212,309</u>	<u>3,569</u>	<u>(7,223,580)</u>	<u>(7,702)</u>
Completed Projects:						
		Congestion Relief	693,198	422	(693,620)	-
		Maintenance	<u>164,237</u>	<u>-</u>	<u>(164,237)</u>	<u>-</u>
		Total Completed Projects	<u>857,435</u>	<u>422</u>	<u>(857,857)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 8,069,744</u>	<u>\$ 3,991</u>	<u>\$ (8,081,437)</u>	<u>\$ (7,702)</u>

CITY OF SOLANA BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 3,544	\$ 7	\$ -	\$ -	\$ 3,551	\$ 3,551
For Fiscal Year ended June 30, 2010	June 30, 2017	-	-	-	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	-	-	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	3,623	-	-	-	3,623	3,623
For Fiscal Year ended June 30, 2013	June 30, 2020	3,623	-	-	-	3,623	3,623
For Fiscal Year ended June 30, 2014	June 30, 2021	3,623	-	-	-	3,623	3,623
For Fiscal Year ended June 30, 2015	June 30, 2022	13,768	-	-	-	13,768	-
Total RTCIP Funds		<u>\$ 28,181</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,188</u>	<u>\$ 14,420</u>

CITY OF VISTA, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2015

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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, 2015. 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. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. 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.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed 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 *TransNet* expenditures in the amount of \$6,003,611. We selected \$1,830,267 (30.49%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a cognizant agency. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP for the year ended June 30, 2015.
- g. We reviewed that any amounts reflected in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or

expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was 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 substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2016.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. 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.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as indicated on the following page:

Fiscal year 2015 apportionment	\$2,141,865
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,141,865
30% base	<u>30%</u>
Fiscal year 2015 30% threshold	<u>642,559</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(1,140,974)
Maintenance fund balance	<u>(163,883)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,304,857)</u>
Fund balance under apportionment	<u>\$ 1,947,416</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2015 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2015 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,140,974)	\$3,390,571	\$2,249,597
Maintenance	<u>(163,883)</u>	<u>781,629</u>	<u>617,746</u>
Totals	<u>\$(1,304,857)</u>	<u>\$4,172,200</u>	<u>\$2,867,343</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 21.60% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$ 9,634,407	\$3,235,189	\$12,869,596
Maintenance	3,585,031	696,646	4,281,677
Interest	<u>(3 8,111)</u>	<u>240,365</u>	<u>202,254</u>
Total local street and road revenue	<u>\$13,181,327</u>	<u>\$4,172,200</u>	<u>\$17,353,527</u>
30% total local street and road revenue			\$ 5,206,058
Less maintenance expenditures incurred to date			<u>3,748,984</u>
Available maintenance funds			<u>\$ 1,457,075</u>
Cumulative percentage expended for maintenance			<u>21.60%</u>

11. 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 staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2015.

12. In accordance with Section 8 of the Ordinance, we re-indexed the Maintenance of Effort (MOE) base year amount to be used for fiscal year 2018, 2019 and 2020 audits.
- a. We obtained the Construction Cost Index (CCI) for June 30, 2015, from SANDAG.
- i. We calculated the growth rate in the CCI for the prior MOE base period over the CCI as of June 30, 2015.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2015 and dividing it by the Index at June 30, 2012, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2015 divided by Index as of June 30, 2012	<u>109.91</u>	<u>81.30</u>	<u>1.35</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2015.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2015, over the amount of General Fund revenues as of June 30, 2012, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2015 divided by General fund revenues as of June 30, 2012	<u>\$72,547,414</u>	<u>\$62,999,706</u>	<u>1.15</u>

- c. We compared the growth rate in the CCI as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.15.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2015, to become effective for the fiscal years ending June 30, 2018, 2019 and 2020.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,098,885
Growth rate	<u>1.15</u>
Adjusted MOE base as of June 30, 2015	<u>\$2,413,718</u>

- 13. We reviewed the MOE requirement.
 - a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- c. We 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.
- 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, 2015, is summarized as follows:

Current year local discretionary expenditures	\$4,070,525
Less MOE base year requirement	<u>(2,098,885)</u>
Excess MOE for the year ended June 30, 2015	<u>\$1,971,640</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures, and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: This procedure is not applicable as seven years have not yet passed since the *TransNet* Extension Ordinance has been in effect.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$12,833. We selected \$6,776 (52.80%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 14.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: No exceptions were noted as a result of our procedures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 12, 2015.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2015.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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.

Daniel Furr LLP

Irvine, California
April 1, 2016

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Cognizant Agency” means the Federal agency that is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

“Current Fiscal Year” means the fiscal period of July 1, 2014, through June 30, 2015.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means any one of the following that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs: County of San Diego and the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass Through:									
SAN54	N/A	Regional Arterial Management Systems	\$ -	\$ 8,800	\$ -	\$ (8,800)	\$ -	\$ -	
		Total Congestion Relief-Pass Through	-	8,800	-	(8,800)	-	-	
Congestion Relief:									
VISTA 45	8197	Bobolink Storm Drain	21,015	3,632	-	(3,631)	(21,016)	-	(a)
VISTA 46	8225	Street Construction/Overlay-Annual	(38,772)	3,387,279	-	(4,156,234)	21,016	(786,711)	(a)(b)
VISTA 47	8242	Melrose Dr/Hacienda Dr Turn Lane	140,959	-	-	(141,660)	701	-	(c)
VISTA 49	8252	Olive Ave Overpass Study	40	5,365	-	(5,365)	-	40	
VISTA 50	8232	Paseo Santa Fe Streetscape Improvements	(8,325)	709,559	-	(1,055,537)	-	(354,303)	(b)
		Total Congestion Relief	114,917	4,105,835	-	(5,362,427)	701	(1,140,974)	
Maintenance:									
VISTA 53	8262	Annual Street Maintenance & Resurfacing	14,204	154,352	-	(332,439)	-	(163,883)	(b)
		Total Maintenance	14,204	154,352	-	(332,439)	-	(163,883)	
		Total Local Street Improvements	129,121	4,268,987	-	(5,703,666)	701	(1,304,857)	
Bikes and Pedestrians:									
VISTA 48	8249	Vista Bicycle Master Plan	(80,638)	119,089	-	(56,293)	17,842	-	(d)
		Total Bikes and Pedestrians	(80,638)	119,089	-	(56,293)	17,842	-	

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Project Status July 1, 2014	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2015	Notes
Senior Mini-Grants:									
VISTA 44	OUTAB	Out & About Vista	\$ (20,030)	\$ 69,248	\$ -	\$ (114,926)	\$ -	\$ (65,708)	(e)
		Total Senior Mini-Grants	(20,030)	69,248	-	(114,926)	-	(65,708)	
Smart Growth Grants:									
V10	TNSGG	Downtown Specific Plan Update	-	82,960	-	(128,726)	27,268	(18,498)	(b)(f)
		Total Smart Growth Grants	-	82,960	-	(128,726)	27,268	(18,498)	
		Interest Income	81	-	36	-	-	117	
		Total <i>TransNet</i> Extension	28,534	4,540,284	36	(6,003,611)	45,811	(1,388,946)	
Non-TransNet Funds:									
VISTA 47	8242	Melrose Dr/Hacienda Dr Turn Lane	-	701	-	-	(701)	-	(c)
VISTA 48	8249	Vista Bicycle Master Plan	-	17,842	-	-	(17,842)	-	(d)
		Total Non- <i>TransNet</i>	-	18,543	-	-	(18,543)	-	
		Total <i>TransNet</i> Extension and Non- <i>TransNet</i>	\$ 28,534	\$ 4,558,827	\$ 36	\$ (6,003,611)	\$ 27,268	\$ (1,388,946)	

Notes:

- (a) Project cancelled per Resolution #2015-79 on 5/12/15. \$21,016 of remaining *TransNet* funds re-directed to VISTA 46 via RTIP amendment #2014-11.
- (b) City will request drawdown in FY16 to eliminate the negative balance.
- (c) Project completed. *TransNet* expenditures are reduced by \$701 with the overage covered by City matching funds.
- (d) Project completed. *TransNet* expenditures are reduced by \$17,842 with the overage covered by City matching funds.
- (e) 4th Quarter FY14/15 expenses totaling \$31,807 have been billed but reimbursement has not yet been received.
- (f) Adjustment represents payments from FY 13/14 received July and August 2014.

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
SAN54	N/A	Regional Arterial Management Systems	\$ 26,400	\$ -	\$ (26,400)	\$ -
		Total Congestion Relief-Pass Through	<u>26,400</u>	<u>-</u>	<u>(26,400)</u>	<u>-</u>
Congestion Relief:						
VISTA 45	8197	Bobolink Storm Drain	39,904	-	(39,904)	-
VISTA 46	8225	Street Construction/Overlay-Annual	3,518,903	-	(4,305,614)	(786,711)
VISTA 47	8242	Melrose Dr/Hacienda Dr Turn Lane	160,000	-	(160,000)	-
VISTA 49	8252	Olive Ave Overpass Study	6,365	-	(6,325)	40
VISTA 50	8232	Paseo Santa Fe Streetscape Improvements	<u>729,559</u>	<u>-</u>	<u>(1,083,862)</u>	<u>(354,303)</u>
		Total Congestion Relief	<u>4,454,731</u>	<u>-</u>	<u>(5,595,705)</u>	<u>(1,140,974)</u>
Maintenance:						
VISTA 53	8262	Annual Street Maintenance & Resurfacing	<u>168,556</u>	<u>-</u>	<u>(332,439)</u>	<u>(163,883)</u>
		Total Maintenance	<u>168,556</u>	<u>-</u>	<u>(332,439)</u>	<u>(163,883)</u>

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2015

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2015
Bikes and Pedestrians:						
VISTA 48	8249	Vista Bicycle Master Plan	\$ 147,102	\$ -	\$ (147,102)	\$ -
		Total Bikes and Pedestrians	<u>147,102</u>	<u>-</u>	<u>(147,102)</u>	<u>-</u>
Senior Mini-Grants:						
VISTA 44	1270600	Out & About Vista	<u>236,258</u>	<u>-</u>	<u>(301,966)</u>	<u>(65,708)</u>
		Total Senior Mini-Grants	<u>236,258</u>	<u>-</u>	<u>(301,966)</u>	<u>(65,708)</u>
Smart Growth Grants:						
V10	TNSGG	Downtown Specific Plan Update	<u>110,228</u>	<u>-</u>	<u>(128,726)</u>	<u>(18,498)</u>
		Total Smart Growth Grants	<u>110,228</u>	<u>-</u>	<u>(128,726)</u>	<u>(18,498)</u>
		Interest Income	<u>-</u>	<u>117</u>	<u>-</u>	<u>117</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>5,143,275</u>	<u>117</u>	<u>(6,532,338)</u>	<u>(1,388,946)</u>
Completed Projects:						
		Local Street Improvements:				
		Congestion Relief	5,153,276	(38,298)	(5,114,978)	-
		Maintenance	3,416,475	70	(3,416,545)	-
		Bikes and Pedestrian	225,432	-	(225,432)	-
		Senior Mini Grants	<u>75,848</u>	<u>-</u>	<u>(75,848)</u>	<u>-</u>
		Total Completed Projects	<u>8,871,031</u>	<u>(38,228)</u>	<u>(8,832,803)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 14,014,306</u>	<u>\$ (38,111)</u>	<u>\$ (15,365,141)</u>	<u>\$ (1,388,946)</u>

CITY OF VISTA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2015

Project Year	Last Date to Spend funds	Cumulative				Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2015	June 30, 2014
For Fiscal Year ended June 30, 2009	June 30, 2016	\$ 32,000	\$ 346	\$ (32,346)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	69,360	1,543	(70,903)	-	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	101,969	3,057	(26,477)	-	78,549	91,382
For Fiscal Year ended June 30, 2012	June 30, 2019	186,824	3,766	-	-	190,590	190,590
For Fiscal Year ended June 30, 2013	June 30, 2020	43,762	330	-	-	44,092	44,092
For Fiscal Year ended June 30, 2014	June 30, 2021	176,720	1,381	-	-	178,101	178,101
For Fiscal Year ended June 30, 2015	June 30, 2022	200,606	1,862	-	-	202,468	-
Total RTCIP Funds		\$ 811,241	\$ 12,285	\$ (129,726)	\$ -	\$ 693,800	\$ 504,165