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GENERAL MANAGER/CEO

August 29, 2013

Ms. Vicky Nguyen
Investigative Reporter
NBC Bay Area

Transmitted via email:
Victoria.Nguyen@nbcuni.com

Dear Ms. Nguyen:

This is in response to your Public Records Request of August 16, 2013.

1. We provide the General Ledger (GL) detail for Fund 01011 from FY 2006 through FY 2012 (last audited). We have not yet closed GL for FY 2013 and therefore do not have any entries for FY 2013 yet to be presented to you. Because of the District's internal policy requirement to maintain detailed accounting records for a maximum period of seven (7) years, the current GL detail does not cover information prior to 2006.

You have asked specifically about the line item for \$2.4 million listed in this account prior to 2006. Our research indicates that these funds represented FTA operating grant assistance that was made available for Caltrain service in Fiscal Years 1991 and 1992. At that time, Caltrain was managed and operated by the California Department of Transportation. In 1992, the Caltrain service transitioned to local control with the 3-County Peninsula Corridor Joint Powers Board (JPB) assuming responsibility for its management and operation. The timing of this grant suggests that the Department of Transportation applied for and received these grant funds, prior to the formation of the Joint Powers Board. These funds were then transferred to the JPB. The operational budget for Caltrain at that time was nearly \$33 million, this amount clearly exceeds the \$2.4 million grant for operational assistance. This grant was considered formally closed out by the Federal Transportation Administration in 1999 and is listed accordingly in the FTA's grant database. The funding appears to have been placed in a separate interest bearing account in the 90's where it resided until the creation of the operation reserve fund in 2005. At that time, the Finance Department identified this and other separate accounts and consolidated them into an operational reserve account. FTA has always monitored its grants through periodic audits. Caltrain has been audited many times over the 20 years since the Joint Powers Board assumed control and no issue has been raised regarding this grant funding.

2. We provide the GL for account 220202. The Parson's purchase order was incorrectly coded to the wrong account and thus the payment of invoices

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followed accordingly. With S3 the invoices were coded to the correct account and then a journal entry was prepared that reclassified the invoices to the wrong account. We have brought these classification errors to the attention of the District's independent auditors. After reviewing any potential impacts to the financial statements arising from this error, the auditors concluded that the subject expenses that were coded incorrectly for FY 2010 (\$12,000 for S3), 2011 (\$176,145 for Parsons & S3) and 2012 (\$164,259 for Parsons & S3) are immaterial and no adjustments to or corrections in the financial statements are deemed necessary, particularly since there is no impact to Net Assets. We have made the corrections to FY 2013 entries where necessary. In September (next month), the Auditors will review the accounts in detail as well as the internal processes and will recommend any action if necessary.

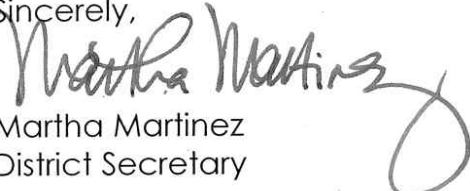
3. We provide the Journal ID 14056 for 12/31/2010. After reviewing the journal we realized that the invoices for S3 for \$16,500 were coded in error. As stated above, we have made the corrections to FY 2013 where necessary. Also as noted above, the Auditors (in September) will review the accounts in detail as well as the internal processes and will recommend any action if necessary.

4. There is no backup to the \$5,000 accrual for printing expenses for JE 155286. This was an accrual to encumber these funds for the 2011 Progress Report for the San Mateo County Transportation Authority (TA). In subsequent fiscal years it was determined that this project was no longer needed and the \$5,000 was transferred back into the TA's operating account within the GL.

Three documents you previously requested, 1) Chart of Accounts, 2) Record Retention Policy, and 3) Gigi Harrington's PowerPoint slides, were provided to you by Jayme Ackemann on August 16, 2013.

If you have questions, Please feel free to contact Jayme Ackemann.

Sincerely,


Martha Martinez
District Secretary

Attachments

Cc: J. Ackemann