

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension
Activities

Year Ended June 30, 2022

DRAFT

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Year Ended June 30, 2022

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TransNet and TransNet Extension Activities

Summary of Results

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TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2022

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TransNet and TransNet Extension Activities

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Background

TransNet is the half-cent sales tax for local transportation projects that was first approved by voters in 1988. In 2004, the San Diego voters renewed their commitment to the region's transportation improvement program by approving Proposition A, implemented through the Extension Ordinance, and continuing an existing half-cent transportation sales tax for an additional 40 years. Administered by the San Diego Association of Governments (SANDAG), the program has been instrumental in expanding the region's transportation system, reducing traffic congestion, and bringing critical transportation programs to life.

Scope of the Engagement

This engagement was to apply agreed-upon procedures in order to assist the Independent Taxpayer Oversight Committee (ITOC) and SANDAG in determining whether the recipients of *TransNet* funds were in compliance with the *TransNet* Ordinance and the *TransNet* Extension Ordinance for the year ended June 30, 2022. We performed the procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants.

In accordance with SANDAG Board Policy No. 031, Rule #17, Section I, fiscal and compliance audit procedures are to be completed in a timely manner. The Policy recommends that the auditors issue a report of compliance audit results and present them to the ITOC.

The following are the major compliance components included in the scope of the procedures:

- *TransNet* and *TransNet* Extension Expenditures;
- Maintenance of Effort (MOE);
- SANDAG Board Policy No. 031, Rule 17, Section IV, Local Agency Balance Limitations (30% Rule);
- Local Street Improvements – Congestion Relief vs. Maintenance;
- Local Street Improvements – Maintenance Monitoring;
- Indirect Costs Allocated to Projects in the Regional Transportation Improvement Plan (RTIP);
- Regional Transportation Congestion Improvement Program (RTCIP); and
- Transit Operator Eligibility for Receipt of Funds.

The procedures performed were approved by the ITOC prior to commencing fieldwork. The specific procedures performed and the results of those procedures are included in each of the draft reports for the recipient agencies. The reports may not be suitable for any other purpose. The procedures

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performed may not address all the items of interest to a user of this report and may not meet the needs of all users of the reports and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. Following approval of the procedures, we scheduled and performed our fieldwork during the months of October 2022 through December 2022.

Results of Procedures

TransNet and TransNet Extension Expenditures

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

During our fieldwork, we obtained the following items:

- Trial balance including balance sheet and income statement;
- Detailed general ledger including revenue and expenditure details;
- Schedule A – Schedule of Status of Funds by Project; and
- Schedule B – Cumulative Schedule of Status of Funds by Project.

The objectives of the procedures were to ensure the following:

- Expenditures were allowable in accordance with the *TransNet* Ordinance and *TransNet* Extension Ordinance;
- Revenues were recorded and agreed to SANDAG's payment records;
- Interest income allocation methodology was reasonable;
- Explanations were obtained and disclosed for projects that had a negative balance; and
- Proper approvals were obtained for most inter-project transfers. Those that have not obtained approval are scheduled either for jurisdiction approval or RTIP approval prior to issuance of the final report.

Based upon the results of the procedures performed, all recipient agencies were in compliance with the revenue and expenditure requirements.

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TransNet and *TransNet* Extension Activities

Summary of Results

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Maintenance of Effort (MOE)

In accordance with Section 8 of the *TransNet* Extension Ordinance, each recipient agency receiving revenues pursuant to Section 4(D) shall annually maintain, at a minimum, the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years (FY) completed prior to the operative date of the *TransNet* Extension Ordinance (FY 2001 through FY 2003), as was reported in the State Controller's Annual Report of Financial Transactions for Street and Roads, and as re-indexed in FY 2021.

During our fieldwork, we obtained the following items:

- From SANDAG, the current MOE requirements for each recipient agency subject to this requirement; and
- From the recipient agencies, Schedule 3 of the Annual Report of Financial Transactions for Streets and Roads.

Based upon the results of the procedures performed, all recipient agencies were in compliance with the MOE requirements for the year ended June 30, 2022 with the exception of City of Del Mar and City of San Marcos. See Attachment A for a summary of compliance with the MOE requirements.

SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule)

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

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

In order to ensure compliance with the 30% Rule, we performed the following:

- Obtained the schedule of annual apportionments from SANDAG;
- Obtained and reviewed the balance of the programs that received annual allocations; and
- Compared the balance of the programs noted above to the apportionment schedule to ensure the excess fund balance did not exceed the 30% threshold.

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TransNet and *TransNet* Extension Activities

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Year Ended June 30, 2022

Based upon the results of the procedures performed, all recipient agencies, with the exception of the City of National City, were in compliance with the 30% Rule. This instance of non-compliance were reported for informational purposes only and not as a finding. However, SANDAG will defer payments to this agency until they are in compliance with the 30% Rule. See Attachment B for a summary of compliance with the 30% Rule.

Local Street Improvements – Congestion Relief vs. Maintenance

As specified in Section 2(C)(1) of the *TransNet* Extension Ordinance, at least 70% of the revenues provided for local street and road purposes should be used for congestion relief, and no more than 30% for maintenance. In order to ensure SANDAG is in compliance with the *TransNet* Extension Ordinance, we performed the following:

- Inquired and obtained source data used to calculate the Local Street Improvements Allocation Schedule in SANDAG's TTrak program (SANDAG's *TransNet* tracking program) and recalculated the total fund distribution per jurisdiction; and
- Reviewed the FY 2022 *TransNet* Streets and Road Fund Allocation Schedule and determined that at least 70% of the revenues provided for local street and road purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

Based upon the results of the procedures performed, SANDAG was in compliance with the Local Street Improvement requirements. See Attachment C for the Local Street Improvement allocation between congestion relief and maintenance, by recipient agency.

Local Street Improvements: Maintenance Monitoring

At the request of ITOC, we documented the percentage of local street and road revenue cumulatively expended for maintenance. In accordance with the *TransNet* Extension Ordinance, the local jurisdictions receiving local street improvement funds may not spend more than 30% of cumulative funds for Maintenance purposes. All recipient agencies were in compliance with this requirement. Results of this procedure are located in Attachment D.

Indirect Costs Allocated to Projects in RTIP

We inquired of management whether indirect costs are 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 federal or state agency, or audited by a certified public accounting firm. 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. See Attachment E for the indirect costs allocated to the RTIP.

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Regional Transportation Congestion Improvement Program (RTCIP)

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

The objectives of the procedures were to ensure the following:

- Each recipient agency collected at least the minimum exaction fee of \$2,636 from each newly constructed residential housing unit;
- Documentation was submitted to the ITOC on a timely basis and proper approval was obtained for the exaction fee; and
- Expenditures were allowable in accordance with the *TransNet* Extension Ordinance and Expenditure Plan.

In order to ensure compliance with the *TransNet* Extension Ordinance, we performed the following:

- Obtained a detailed general ledger from the recipient agencies;
- Obtained the RTCIP approved schedule for collecting and/or contributing private sector exactions;
- Obtained the RTCIP schedule (Schedule C of the associated reports) including beginning balance, exactions collected, interest earned, expenditures, and ending balance;
- Verified that the exaction fee being collected was approved by the City Council or Board of Supervisors and is in compliance with the *TransNet* Extension Ordinance and SANDAG Board Policy No. 031; and
- Verified that expenditures, if any, complied with the *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Based upon the results of the procedures performed, all recipient agencies, with the exception of the Cities of Coronado, Escondido, La Mesa, Lemon Grove, and Poway were in compliance with the RTCIP requirements. See the Summary of Findings by Recipient Agency for further information.

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Transit Operator Eligibility for Receipt of Funds

In accordance with the *TransNet* Extension Ordinance, in order for transit operators to maintain eligibility for receipt of funds, the operator must limit the increase in its total operating cost per revenue vehicle hour for bus or revenue vehicle mile for rail services from one fiscal year to the next, to no more than the increase in the Consumer Price Index (CPI) for San Diego County over the same period.

In order to ensure compliance with the *TransNet* Extension Ordinance, we performed the following:

- Calculated the increase in operating cost per revenue vehicle hour for bus services and revenue vehicle mile for rail services between June 30, 2021 and June 30, 2022;
- Calculated the increase in the CPI for San Diego County between June 30, 2021 and June 30, 2022; and
- Compared the increase in total operating cost per revenue vehicle hour for bus services, and revenue vehicle mile for rail services, to the increase in the CPI.

Both North County Transit District (NCTD) and San Diego Metropolitan Transit System (MTS) are in compliance with the rail operator portion of the eligibility requirements.

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Summary of Findings by Recipient Agency

The following findings were identified during performance of the agreed-upon procedures.

<u>Recipient Agency</u>	<u>Finding</u>	<u>Management Response</u>
City of Coronado	Need to use approved exaction fee	In process of collecting
City of Escondido	Need to use approved exaction fee	Recovered all under-collected exaction fees
City of La Mesa	Need to use approved exaction fee	In process of collecting
City of Lemon Grove	Need to use approved exaction fee	In process of collecting
City of Poway	RTCIP funding not expended nor committed within seven years of collection	RTCIP funding will be programmed in subsequent years
City of Del Mar	Need to be in compliance with the MOE requirement	City plans to make up shortfall next year
City of San Marcos	Need to be in compliance with the MOE requirement	City plans to make up shortfall next year

Complete responses from the recipient agencies to the findings identified are included in the individual recipient agency reports.

Compliance With Maintenance of Effort Requirement

Recipient Agency	Fiscal Year 2022				
	In Compliance	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	Deficit Amount
Carlsbad	Yes	\$6,746,377	–	–	–
Chula Vista	Yes	4,387,018	–	–	–
Coronado	Yes	984,388	–	–	–
Del Mar	No	602,608	27,766	–	72,462
El Cajon	Yes	1,849,773	–	–	–
Encinitas	Yes	2,279,925	63	–	–
Escondido	Yes	3,352,190	–	–	–
Imperial Beach	Yes	233,219	–	–	–
La Mesa	Yes	2,023,372	–	–	–
Lemon Grove	Yes	203,027	–	–	–
National City	Yes	2,029,966	–	–	–
Oceanside	Yes	3,120,588	–	–	–
Poway	Yes	1,327,553	–	–	–
San Diego	Yes	25,854,722	191,311	1,029,903	–
San Marcos	No	4,893,432	–	–	629,185
Santee	Yes	658,301	–	–	–
Solana Beach	Yes	535,585	–	–	–
Vista	Yes	2,703,364	–	–	–
County of San Diego (1)	–	–	–	–	–

Yes = In Compliance

No = Not in compliance

– = Not applicable

Note 1 - The County does not have discretionary expenditures or projects that can be reported under the MOE.

Compliance With 30 Percent Fund Balance Limitation FY 2020 – FY 2022

Recipient Agency	Fiscal Year 2022				Fiscal Year 2021				Fiscal Year 2020			
	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	S&R Balance	Excess Amount
Streets and Roads												
Carlsbad	Yes	1,259,563	830,551	–	Yes	1,050,395	988,467	–	Yes	973,589	206,020	–
Chula Vista	Yes	2,523,474	(344,144)	–	Yes	2,088,184	(1,458,118)	–	Yes	1,918,568	824,267	–
Coronado	Yes	231,738	(361,259)	–	Yes	210,209	6,844	–	Yes	183,503	28,443	–
Del Mar	Yes	37,385	3,167	–	Yes	50,095	3,090	–	No	5,675	19,864	14,189
El Cajon	Yes	989,663	(629,159)	–	Yes	828,745	13,665	–	Yes	766,120	247,927	–
Encinitas	Yes	666,660	(204,026)	–	Yes	561,554	(362,369)	–	Yes	521,630	(997,941)	–
Escondido	Yes	1,509,225	(1,659,886)	–	Yes	1,251,187	800,965	–	Yes	1,157,749	(2,303,687)	–
Imperial Beach	Yes	196,519	(19,704)	–	Yes	151,770	(223,434)	–	Yes	200,610	(305,978)	–
La Mesa	Yes	473,545	(855,519)	–	Yes	373,337	(673,595)	–	Yes	334,733	(201,623)	–
Lemon Grove	Yes	281,219	(90,478)	–	No	239,316	412,100	172,784	Yes	221,852	54,508	–
National City	No	578,295	1,373,673	795,378	No	482,679	772,606	289,927	Yes	364,376	135,199	–
Oceanside	Yes	1,358,351	(2,697,217)	–	Yes	1,065,681	(1,902,567)	–	Yes	1,028,052	(2,653,098)	–
Poway	Yes	584,864	(104)	–	Yes	492,613	303,658	–	Yes	457,992	291,809	–
San Diego, City	Yes	13,742,311	6,041,776	–	Yes	11,337,079	9,192,856	–	Yes	10,579,579	6,485,121	–
San Marcos	Yes	725,011	397,603	–	Yes	577,713	(213,880)	–	Yes	506,094	(1,052,975)	–
Santee	Yes	330,212	(63,042)	–	Yes	280,125	(14,233)	–	Yes	178,621	(3,635)	–
Solana Beach	Yes	102,117	(131,456)	–	Yes	76,283	(85,154)	–	Yes	67,681	(34,431)	–
Vista	Yes	944,059	518,622	–	Yes	779,208	(175,525)	–	Yes	734,225	343,646	–
County of San Diego	Yes	5,752,318	1,264,885	–	Yes	4,749,403	3,260,471	–	Yes	4,441,940	3,223,622	–
Transit												
Metropolitan Transit System (MTS)	Yes	12,923,070	–	–	Yes	10,729,134	–	–	Yes	10,219,817	–	–
North County Transit District (NCTD)	Yes	4,823,047	–	–	Yes	3,948,871	(2,127,862)	–	Yes	3,650,375	–	–

Yes = In Compliance

No = Not in compliance and not receiving *TransNet* payment.

Compliance with Allocation of Local Street Improvements Revenues

Recipient Agency	Fiscal Year 2022		
	Allocation of Sales Tax Revenues Received	70% Congestion Relief Allocated	30% Maintenance Allocated
Carlsbad	\$4,198,544	\$2,938,981	\$1,259,563
Chula Vista	8,411,581	5,888,107	2,523,474
Coronado	772,459	540,721	231,738
Del Mar	259,298	181,509	77,789
El Cajon	3,298,876	2,309,213	989,663
Encinitas	2,222,202	1,555,542	666,660
Escondido	5,030,749	3,521,524	1,509,225
Imperial Beach	959,998	671,998	288,000
La Mesa	2,085,625	1,459,937	625,688
Lemon Grove	937,398	656,179	281,219
National City	1,927,651	1,349,356	578,295
Oceanside	6,093,275	4,265,292	1,827,983
Poway	1,949,548	1,364,684	584,864
San Diego, City	46,004,502	32,203,151	13,801,351
San Marcos	3,047,650	2,133,355	914,295
Santee	1,896,888	1,327,822	569,066
Solana Beach	558,143	390,700	167,443
Vista	3,146,863	2,202,804	944,059
County of San Diego	20,474,211	14,331,948	6,142,263

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

Local Street Improvements: Maintenance Monitoring

Recipient Agency	Cumulative Revenue	30% of Cumulative Revenue	Cumulative Maintenance Expenditures	Available Maintenance Funds	Cumulative % Expended for Maintenance	In Compliance
Carlsbad	\$50,327,162	\$15,098,149	\$1,274,895	\$13,823,254	2.53%	Yes
Chula Vista	86,177,344	25,853,203	19,324,458	6,528,745	22.42%	Yes
Coronado	8,982,076	2,694,623	283,272	2,411,351	3.15%	Yes
Del Mar	7,182,845	2,154,854	403,270	1,751,584	5.61%	Yes
El Cajon	34,840,462	10,452,139	6,792,170	3,659,969	19.50%	Yes
Encinitas	26,445,958	7,933,787	1,117,046	6,816,741	4.22%	Yes
Escondido	57,599,617	17,279,885	16,211,348	1,068,537	28.14%	Yes
Imperial Beach	12,121,911	3,636,573	2,837,104	799,469	23.40%	Yes
La Mesa	28,827,975	8,648,393	4,815,373	3,833,020	16.70%	Yes
Lemon Grove	10,143,827	3,043,148	2,649,932	393,216	26.12%	Yes
National City	23,856,157	7,156,847	0	7,156,847	0.00%	Yes
Oceanside	76,309,682	22,892,905	15,002,233	7,890,672	19.66%	Yes
Poway	21,355,433	6,406,630	5,899,482	507,148	27.63%	Yes
San Diego, City	489,669,479	146,900,844	134,045,176	12,855,668	27.37%	Yes
San Marcos	46,784,614	14,035,384	3,738,035	10,297,349	7.99%	Yes
Santee	38,441,509	11,532,453	3,971,977	7,560,476	10.33%	Yes
Solana Beach	11,970,657	3,591,197	289,587	3,301,610	2.42%	Yes
Vista	35,062,454	10,518,736	7,125,998	3,392,738	20.32%	Yes
San Diego, County	225,423,392	67,627,018	10,758,518	56,868,500	4.77%	Yes

Indirect Costs Allocated to RTIP

Recipient Agency	2022 Total <i>TransNet</i> Expenditures	2022 Indirect Costs Charged to <i>TransNet</i>	2022 Indirect Costs as a % of Total <i>TransNet</i> Expenditures	Last Allocation Plan Approval	2021 Indirect Costs as a % of Total <i>TransNet</i> Expenditures
Carlsbad	\$1,715,063	\$91,684	5.35%	n/a	4.07%
Chula Vista	1,366,818	72,441	5.30%	n/a	19.70%
Coronado	847,640	0	0.00%	n/a	0.00%
Del Mar	152,669	0	0.00%	n/a	0.00%
El Cajon	2,095,955	42,740	2.04%	n/a	2.45%
Encinitas	2,859,437	0	0.00%	n/a	0.00%
Escondido	6,199,488	892,691	14.40%	2020 ¹	5.40%
Imperial Beach	661,020	0	0.00%	n/a	0.00%
La Mesa	1,780,117	0	0.00%	n/a	0.00%
Lemon Grove	753,183	123,792	16.44%	2019 ¹	20.6%
National City	1,672,305	0	0.00%	n/a	0.00%
Oceanside	2,381,745	40,797	1.71%	n/a	8.43%
Poway	1,052,774	0	0.00%	n/a	0.00%
San Diego, City	39,394,569	5,231,694	13.28%	n/a	14.54%
San Marcos	1,173,166	0	0.00%	n/a	0.00%
Santee	1,043,391	5,460	0.52%	n/a	4.07%
Solana Beach	329,836	0	0.00%	n/a	0.00%
Vista	2,248,374	0	0.00%	n/a	0.00%
Caltrans	28,252,574	1,198,279	4.24%	2021 ²	7.86%
San Diego, County	3,478,702	49,448	1.42%	n/a	9.97%
SANDAG	172,849,481	5,161,159	2.99%	2022 ²	3.10%

n/a – not applicable because there is no plan or the plan is not formally approved

¹ – approved by City Council

² – approved by federal cognizant agency

CALTRANS

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the State of California Department of Transportation's (Caltrans') compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. Caltrans' management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by Caltrans with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 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 the 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	\$ 18,008,700
<i>TransNet</i> revenue recorded by Caltrans	<u>5,616,200</u>
Variance	<u>\$12,392,500</u>

The variance was a result of the following:

Paid by SANDAG in 2021 but received by Caltrans in 2022	\$(1,204,000)
Paid by SANDAG in 2022 but received by Caltrans in 2023	<u>13,596,500</u>
Variance	<u>\$12,392,500</u>

- 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 *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 advance 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 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: Caltrans recorded total *TransNet* expenditures in the amount of \$28,252,574. We selected \$8,601,127 (30.44%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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 25% of the total dollar amount of expenditures 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. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e., payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency or audited by an independent certified public accounting firm (CPA).

Results: Indirect costs are allocated to RTIP projects at a rate of 48.52% of direct labor costs associated with each project with SANDAG being considered a self-help county. The indirect cost rate plan is reviewed and updated by Caltrans on an annual basis. Caltrans' indirect cost rate plan has been reviewed by the State of California Department of Finance and the Federal Highway Administration. Caltrans allocated a total of \$1,198,279 of indirect costs in the RTIP, resulting in 4.24% of indirect costs compared to total *TransNet* expenditures. Caltrans' 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 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 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.

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

- i. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

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 included when the project will be completed.

Results: MPO ID CAL 26 and CAL 330 had no activity over the past two years. No exceptions were noted as a result of our procedures.

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

Results: SANDAG approved the reason for the inactivity on January 20, 2023.

- 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 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 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, 2022 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 Adjustments 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 compared long-term debt information reported on Schedule A to the schedule to longer-term debt 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, 2022.

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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the fiscal year ended June 30, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on Caltrans’s compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Caltrans and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
_____, 2023

DRAFT

GLOSSARY OF TERMS

“Current Fiscal Year” means the fiscal period of July 1, 2021, through June 30, 2022.

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

“Recipient Agency” means an agency, including Caltrans, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“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, 2022

MPO ID/ Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2022	Notes
TransNet:								
Highways:								
CAL26	Route 52	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	(a)
	Total Highways	13,864	-	-	-	-	13,864	
	Total <i>TransNet</i>	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	
TransNet Extension:								
Major Corridor:								
CAL09	I-5 North Coast	\$ 699,977	\$ (616,519)	\$ -	\$ (3,345,829)	\$ -	\$ (3,262,371)	(b)
CAL09 C	I-805 HOV / Carroll Canyon DAR	(29,816)	29,816	-	-	-	-	
CAL29 B	SR 76 East	(161,411)	892,000	-	425,596	-	1,156,185	
CAL38	SR-905 New Freeway	1,628	(1,628)	-	-	-	-	
CAL68	94/125 S to E Connector	(7,071)	44,000	-	(158,248)	-	(121,319)	(b)
CAL75	I-5 Genesee	2,669,503	309,000	-	(2,928,162)	-	50,341	
CAL78 B	I-805 North	7,382	61,000	-	(68,014)	-	368	
CAL78 C	I-805 South	(41,711)	58,000	-	(38,911)	-	(22,622)	(b)
CAL78 D	I-805 South Soundwalls	(49,898)	107,000	-	(52,776)	-	4,326	
CAL114	I-5/56 Interchange	26,973	458,000	-	(705,711)	-	(220,738)	(b)
CAL277A	SR78/I-5 Express Lanes	(8,248)	(31,000)	-	38,203	-	(1,045)	(b)
CAL 550	CMCP--Coast, Canyons, Trails SR-52	-	232,000	-	74,385	(255,012)	51,373	(c) (d)
CAL 552	CMCP--South Bay to Sorrento	-	258,575	-	-	(258,575)	-	(c) (d)
CAL 553	CMCP--SPRINTER/Palomar Airport SR78/76	-	301,846	-	-	(301,846)	-	(c) (d)
SAN23	Mid-Coast LRT	(5,331)	9,000	-	(33,600)	-	(29,931)	(b)
SAN26 C	I-15 BRT Stations - South	329	-	-	(243)	-	86	
SAN47	I-805 BRT	9,256	-	-	(109)	-	9,147	
SAN224	I-805/SR-94 Bus on Shoulder Demonstration	(21,659)	50,000	-	(52,478)	-	(24,137)	(b)
SAN253	CMCP--Central Mobility Hub Connections/Militar	-	-	-	(38,099)	-	(38,099)	(b)
V-11	SR-11	-	-	-	(175,338)	-	(175,338)	(b)
V-15	I-5 Gilman Dr Bridge	(1,527)	2,000	-	(1,005)	-	(532)	(b)
V-20	CMCP	(827,343)	-	-	-	827,343	-	(d)
V-22	CMCP--San Vicente Corridor SR 67	-	11,910	-	-	(11,910)	-	(c) (d)
	Total Major Corridor	\$ 2,261,033	\$ 2,175,000	\$ -	\$ (7,060,339)	\$ -	\$ (2,624,306)	

(Continued)

SCHEDULE A

CALTRANS
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID/ Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2022	Notes
Major Corridor Environmental: Mitigation Program (MC EMP):								
V-07	Mitigation Program	\$ 1,904,164	\$ 3,441,200	\$ -	\$ (21,192,235)	\$ -	\$ (15,846,871)	(b)
	Total MC EMP	1,904,164	3,441,200	-	(21,192,235)	-	(15,846,871)	
TransNet Bike, Pedestrian & Neighborhood Safety (BPNS) Program:								
CAL330	SR-15 Bike Path	1,227	-	-	-	-	1,227	(e)
SAN156	Coastal Rail Trail: E St to Chesterfield	185,712	-	-	-	-	185,712	(e)
	Total <i>TransNet</i> BPNS Program	186,939	-	-	-	-	186,939	
	Total <i>TransNet</i> Extension	\$ 4,352,136	\$ 5,616,200	\$ -	\$ (28,252,574)	\$ -	\$ (18,284,238)	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 4,366,000	\$ 5,616,200	\$ -	\$ (28,252,574)	\$ -	\$ (18,270,374)	

Notes:

- (a) All projects related to CAL 26 in the *TransNet* Highway section are in the final vouchering process and the goal is to complete it by FY2024.
- (b) Negative ending balance will be removed with the next invoice to SANDAG in FY2023.
- (c) New project added to the 2022 audit.
 In FY 22, SANDAG has split MPO V20 into 4 new MPO ID's . V-20 had \$827,343 in expenditures (\$0 in funds received) as of the project Status July 1, 2021. Those
- (d) expenditures are shown in the Caltrans Adjustments column being removed from V-20 to CAL 550, CAL 552, CAL 553, and V-22. This split (at this time) has left V-20 with \$0 in expenditures and \$0 in received.
- (e) MPO ID CAL330 will final voucher in FY2023 and MPO ID SAN156 is in the process of final voucher and the goal is to complete it in FY2024.

SCHEDULE B

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:					
Major Corridor:					
CAL09	I-5 North Coast	\$ 99,548,125	\$ -	\$ (102,810,496)	\$ (3,262,371)
CAL09 C	I-805 HOV / Carroll Canyon DAR	27,273,401	-	(27,273,401)	-
CAL29	SR 76 Middle	39,397,631	-	(39,397,631)	-
CAL29 B	SR 76 East	49,570,496	-	(48,414,311)	1,156,185
CAL38	SR-905 New Freeway	612,439	-	(612,439)	-
CAL68	94/125 S to E Connector	318,603	-	(439,922)	(121,319)
CAL75	I-5 Genesee	13,099,000	-	(13,048,659)	50,341
CAL78 B	I-805 North	12,233,604	-	(12,233,236)	368
CAL78 C	I-805 South	135,756,214	-	(135,778,836)	(22,622)
CAL78 D	I-805 South Soundwalls	4,668,374	-	(4,664,048)	4,326
CAL114	I-5/56 Interchange	1,140,000	-	(1,360,738)	(220,738)
CAL 277A	SR78/I-5 Express Lanes	2,627,478	-	(2,628,523)	(1,045)
CAL278	SR-78 HOV / Managed Lanes	1,662,367	-	(1,662,367)	-
CAL 550	CMCP--Coast, Canyons, Trails SR-52	(23,012)	-	74,385	51,373
CAL 552	CMCP--South Bay to Sorrento	-	-	-	-
CAL 553	CMCP--SPRINTER/Palomar Airport SR78/76	-	-	-	-
SAN23	Mid-Coast LRT	395,000	-	(424,931)	(29,931)
SAN26 C	I-15 BRT Stations - South	11,994,160	-	(11,994,074)	86
SAN47	I-805 BRT	2,948,327	-	(2,939,180)	9,147
SAN73	San Elijo Lagoon Double Track	7,786,582	-	(7,786,582)	-
SAN73A	Chesterfield Dr Crossing	3,154,106	-	(3,154,106)	-
SAN224	I-805/SR-94 Bus on Shoulder Demonstration	100,000	-	(124,137)	(24,137)
SAN253	CMCP--Central Mobility Hub Connections/Military	-	-	(38,099)	(38,099)
V-11	SR-11	1,558,550	-	(1,733,888)	(175,338)
V-15	I-5 Gilman Dr Bridge	115,999	-	(116,531)	(532)
V-18	I-5 Voigt	686,952	-	(686,952)	-
V-20	CMCP	827,343	-	(827,343)	-
V-22	CMCP--San Vicente Corridor SR 67	-	-	-	-
1200100	Program Office	221,956	-	(221,956)	-
Total Major Corridor		417,673,695	-	(420,298,001)	(2,624,306)

(Continued)

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:					
MC EMP					
V-07	Mitigation Program	\$ 166,713,385	\$ -	\$ (182,560,256)	\$ (15,846,871)
	Total MC EMP	166,713,385	-	(182,560,256)	(15,846,871)
TransNet BPNS Program:					
CAL330	SR-15 Bike Path	2,907,000	-	(2,905,773)	1,227
SAN156	Coastal Rail Trail: E St to Chesterfield	4,786,000	-	(4,600,288)	185,712
	Total <i>TransNet</i> BPNS Program	7,693,000	-	(7,506,061)	186,939
	Subtotal Cumulative <i>TransNet</i> Extension	592,080,080	-	(610,364,318)	(18,284,238)
Completed Projects:					
	Major Corridor	230,583,691	-	(230,583,691)	-
	Mitigation Program (MC EMP)	14,279,000	-	(14,279,000)	-
	<i>TransNet</i> Local Program	3,093,119	-	(3,093,119)	-
	Total Completed Projects	247,955,810	-	(247,955,810)	-
	Total Cumulative <i>TransNet</i> Extension	\$ 840,035,890	\$ -	\$ (858,320,128)	\$ (18,284,238)

CITY OF CARLSBAD, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Carlsbad, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 \$1,793,411. We selected \$548,589 (30.59%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2022. The City allocates indirect costs to capital projects by using the employee's direct cost charged to a project and multiplying it by an allocation percentage of 120% from July 1, 2021 to August 31, 2021 and charged 116% for the remaining part of the FY22, which was determined by a consultant. The City allocated a total of \$91,684 of indirect costs in the RTIP, resulting in 5.35% of indirect costs compared to total TransNet expenditures. The City's indirect cost plan was last updated in August 2021. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA. 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: This procedure is not applicable as there are no amounts reflected in the "Adjustment" 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 there are 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: 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, 2023.

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: There are two projects that has been inactive over the past two years. The City indicated that, "CB17 is a completed project. The City will transfer the remaining funds during the annual RTIP update in April 2023 by direction of SANDAG." The City indicated that, "CB53 project will be reprogrammed for funding with the project from construction to engineering in FY23." The statuses of the projects has been added to Schedule A.

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

Results: SANDAG approved the reason for the inactivity on January 30, 2023.

- 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 did not have any non-*TransNet* activity during FY22.

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 Adjustments 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 project status 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 2022 apportionment	\$4,198,544
Less: debt service payment	_____ -
Net estimated apportionment	4,198,544
30% base	_____ 30%
Fiscal year 2022 30% threshold	_____ <u>1,259,563</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	511,782
Maintenance fund balance	_____ <u>318,769</u>
Total Local Streets and Roads and Local Street Improvement fund balance	_____ <u>830,551</u>
Fund balance under apportionment	_____ <u>\$ 429,012</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 is indicated on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$511,782	\$ 9,847,384	\$10,359,166
Maintenance	<u>318,769</u>	<u>12,991,468</u>	<u>13,310,237</u>
Totals	<u>\$830,551</u>	<u>\$22,838,852</u>	<u>\$23,669,403</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 2.53% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$25,802,857	\$ 8,263,691	\$34,066,548
Maintenance	1,579,825	12,338,299	13,918,124
Interest	<u>105,628</u>	<u>2,236,862</u>	<u>2,342,490</u>
Total local street and road revenue	<u>\$27,488,310</u>	<u>\$22,838,852</u>	<u>\$50,327,162</u>
30% of total local street and road revenue			\$15,098,149
Less maintenance expenditures incurred to date			<u>(1,274,895)</u>
Available maintenance funds			<u>\$13,823,254</u>
Cumulative percentage expended for maintenance			<u>2.53%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:

- i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$19,594,460
Less MOE base year requirement	<u>(6,746,377)</u>
Excess MOE for the year ended June 30, 2022	<u>\$12,848,083</u>

13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 \$767,466. We selected \$302,553 (39.42%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 RTCIP unallowable expenditures identified during FY22.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as RCTIP payroll amounts did not exceed the 20% threshold during FY22.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 18, 2022.

- xiv. 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.

14. 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.

15. 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.

16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California

_____, 2023

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CB44	N/A	Regional Arterial Management Systems	\$ -	\$ 11,700	\$ -	\$ (11,700)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	11,700	-	(11,700)	-	-	
Congestion Relief:									
CB12	36364	College Rch A, Cannon Reach 4A	(1,394)	670,000	-	(483,437)	-	185,169	
CB17	60143	Carlsbad Blvd Bridge - Powerplant	48,392	-	-	-	-	48,392	(a)
CB17	60532	CB Blvd Railing East Side	9,728	-	-	-	-	9,728	(a)
		Total CB17 Projects	58,120	-	-	-	-	58,120	
CB20	60011	Pavement Management - Overlay	256,048	-	-	(36,092)	-	219,956	
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	281,341	42,000	-	(16,690)	-	306,651	
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	107,521	8,000	-	(1,896)	-	113,625	
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	6,556	-	-	(73)	-	6,483	
CB36	60311	Carlsbad Blvd Realignment	(133)	-	-	(541)	-	(674)	(b)
CB43	60491	ADA Improvements	3,372	500,000	-	(836,779)	-	(333,407)	(b)
CB46	60543	Terramar Area Coastal Improvements	-	-	-	(579)	-	(579)	(b)
CB49	60751	Kelly and Park Dr. Street Improvements	2,398	21,000	-	(73,388)	-	(49,990)	(b)
CB51	63261	Adaptive Traffic Signal Program	1	-	-	-	-	1	
CB52	40152	Village/Barrio Traffic Circles	7,904	150,000	-	(53,960)	-	103,944	
CB53	60681	Carlsbad Blvd. Pedestrian Roadway Lighting	45,607	-	-	-	-	45,607	(c)
CB59	60941	ECR Wid-SunnyCrk to Jackspar	(94,809)	145,000	-	(199,928)	-	(149,737)	(b)
		Interest Income	-	-	6,613	-	-	6,613	
		Total Congestion Relief	672,532	1,536,000	6,613	(1,703,363)	-	511,782	
Maintenance:									
CB58	60622	Street Light Bulb Replacement Program	315,935	-	-	-	-	315,935	
		Interest Income	-	-	2,834	-	-	2,834	
		Total Maintenance	315,935	-	2,834	-	-	318,769	
		Total Local Street Improvements	988,467	1,547,700	9,447	(1,715,063)	-	830,551	

(Continued)

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
		Bikes and Pedestrian (BPNS):							
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	\$ 17,677	\$ 33,178	\$ -	\$ (78,348)	\$ -	\$ (27,493)	(b)
		Total Bikes and Pedestrian (BPNS):	17,677	33,178	-	(78,348)	-	(27,493)	
		Total <i>TransNet</i> Extension	1,006,144	1,580,878	9,447	(1,793,411)	-	803,058	
		GASB 31 Fair Market Value Adjustment	(9,804)	-	(47,836)	-	-	(57,640)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	996,340	1,580,878	(38,389)	(1,793,411)	-	745,418	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>	\$ 996,340	\$ 1,580,878	\$ (38,389)	\$ (1,793,411)	\$ -	\$ 745,418	

Notes:

- (a) The City will transfer the remaining funds during the annual RTIP update in April 2023 by direction of SANDAG.
- (b) Projects ending with negative cash balance at end of FY was a result of no remaining funds left to withdraw for FY22. The City will be drawing funds to clear negative balances in FY23.
- (c) City will reprogram for funding within the project from construction to engineering in FY23.

DRAFT

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CB44	N/A	Regional Arterial Management Systems	\$ 117,000	\$ -	\$ (117,000)	\$ -
		Total Congestion Relief-Pass Through	<u>117,000</u>	<u>-</u>	<u>(117,000)</u>	<u>-</u>
Congestion Relief:						
CB12	36364	College Rch A, Cannon Reach 4A	671,900	-	(486,731)	185,169
CB17	60143	Carlsbad Blvd Bridge-Powerplant	232,278	2,224	(186,110)	48,392
CB17	60532	CB Blvd Railing East Side	10,000	433	(705)	9,728
CB20	60011	Pavement Management - Overlay	10,421,709	18,059	(10,219,812)	219,956
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	442,000	1,790	(137,139)	306,651
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	837,000	3,032	(726,407)	113,625
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	235,000	3,906	(232,423)	6,483
CB36	60311	Carlsbad Blvd Realignment	3,000,135	14,529	(3,015,338)	(674)
CB43	60491	ADA Improvements	1,630,000	1,308	(1,964,715)	(333,407)
CB46	60543	Terramar Area Coastal Improvements	-	-	(579)	(579)
CB49	60751	Kelly and Park Dr. Street Improvements	696,000	991	(746,981)	(49,990)
CB51	63261	Adaptive Traffic Signal Program	2,642,000	42	(2,642,041)	1
CB52	40152	Village/Barrio Traffic Circles	622,000	50	(518,106)	103,944
CB53	60681	Carlsbad Blvd. Pedestrian Roadway Lighting	65,000	1,628	(21,021)	45,607
CB59	60941	ECR Wid-SunnyCrk to Jackspar	<u>278,000</u>	<u>-</u>	<u>(427,737)</u>	<u>(149,737)</u>
		Interest Income	<u>-</u>	<u>6,613</u>	<u>-</u>	<u>6,613</u>
		Total Congestion Relief	<u>21,783,022</u>	<u>54,605</u>	<u>(21,325,845)</u>	<u>511,782</u>
Maintenance:						
CB58	60622	Street Light Bulb Replacement Program	<u>1,295,000</u>	<u>10,988</u>	<u>(990,053)</u>	<u>315,935</u>
		Interest Income	<u>-</u>	<u>2,834</u>	<u>-</u>	<u>2,834</u>
		Total Maintenance	<u>1,295,000</u>	<u>13,822</u>	<u>(990,053)</u>	<u>318,769</u>
		Total Local Street Improvements	<u>23,195,022</u>	<u>68,427</u>	<u>(22,432,898)</u>	<u>830,551</u>

(Continued)

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
		Bikes and Pedestrian (BPNS):				
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	\$ 138,001	\$ 114	\$ (165,608)	\$ (27,493)
		Total Bikes and Pedestrian (BPNS):	<u>138,001</u>	<u>114</u>	<u>(165,608)</u>	<u>(27,493)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>23,333,023</u>	<u>68,541</u>	<u>(22,598,506)</u>	<u>803,058</u>
		Completed Projects:				
		Congestion Relief	3,902,835	37,070	(3,939,905)	-
		Maintenance	284,825	17	(284,842)	-
		Bikes and Pedestrian	564,048	-	(564,048)	-
		Environmental Mitigation Grant	<u>384,947</u>	<u>-</u>	<u>(384,947)</u>	<u>-</u>
		Total Completed Projects	<u>5,136,655</u>	<u>37,087</u>	<u>(5,173,742)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	\$ <u>28,469,678</u>	\$ <u>105,628</u>	\$ <u>(27,772,248)</u>	\$ <u>803,058</u>

SCHEDULE C

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2022

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2022	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021
For Fiscal Year ended June 30, 2015	June 30, 2022	CB04A	\$ 623,822	\$ 6,962	\$ (630,784)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2016	June 30, 2023	CB04A	470,174	-	(470,174)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	CB04A	1,727,814	-	(1,727,814)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	CB04A	751,460	-	(751,460)	-	-	396,480	
For Fiscal Year ended June 30, 2019	June 30, 2026	CB04A	715,030	-	(370,986)	-	344,044	715,030	
For Fiscal Year ended June 30, 2020	June 30, 2027		773,020	-	-	-	773,020	773,020	
For Fiscal Year ended June 30, 2021	June 30, 2028		373,424	-	-	-	373,424	373,424	
For Fiscal Year ended June 30, 2022	June 30, 2029		57,981	-	-	-	57,981	-	
Interest Income			-	92,794	-	-	92,794	62,951	
Total RTCIP Funds			\$ 5,492,725	\$ 99,756	\$ (3,951,218)	\$ -	\$ 1,641,263	\$ 2,320,905	

CITY OF CHULA VISTA, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Chula Vista, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 \$2,854,846. We selected \$1,144,978 (40.11%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: The City recorded total *TransNet* payroll expenditures in the amount of \$1,294,377, which represented 45.34% of total expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect

cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2022. The City allocates costs out of their various departments and into capital projects by using the Engineering time directly charged to a project and multiplying the hours worked by the City's fully burdened hourly rate. Total staff time costs (which includes both direct and indirect costs) included within projects on the RTIP were \$1,366,818. Total indirect cost was \$72,441, or 5.30% of total *TransNet* expenditures. In order to verify that the City was allocating their indirect cost appropriately, we tested four job positions to ensure that the City was recording their direct and indirect costs properly according to internal project rates. The City's written indirect cost plan was last updated October 2020. The plan is not approved by the City Council. The City's indirect cost plan has not been reviewed by a federal or state agency or audited by an independent CPA firm. 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, 2023.

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 during FY22.

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

Results: This procedure is not applicable as there were no inactive projects during FY22.

- 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: Although there were transfers made during the year, majority of the transfers were made within the same MPO ID. There was an adjustment made between projects STL0404 and STL0454 as the Expenditures in FY20 and FY21 were erroneously charged to CHV53 - STL0404. These expenses were actually for CHV22 - STL0404, which shares an internal CIP number.

- 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 Adjustments 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 project status 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 2022 apportionment	\$8,411,581
Less: debt service payment	_____ -
Net estimated apportionment	8,411,581
30% base	_____ 30%
Fiscal year 2022 30% threshold	<u>2,523,474</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	276,280
Maintenance fund balance	<u>(620,424)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(344,144)</u>
Fund balance under apportionment	<u>\$2,867,618</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$276,280	\$8,940,354	\$9,216,634
Maintenance	<u>(620,424)</u>	<u>7,586,755</u>	<u>6,966,331</u>
Totals	<u>\$(344,144)</u>	<u>\$16,527,109</u>	<u>\$16,182,965</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 22.42% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$50,890,477	\$7,832,511	\$58,722,988
Maintenance	18,681,061	7,126,828	25,807,889
Interest	<u>78,697</u>	<u>1,567,770</u>	<u>1,646,467</u>
Total local street and road revenue	<u>\$69,650,235</u>	<u>\$16,527,109</u>	<u>\$86,177,344</u>
30% of total local street and road revenue			\$25,853,203
Less maintenance expenditures incurred to date			<u>(19,324,458)</u>
Available maintenance funds			<u>\$ 6,528,745</u>
Cumulative percentage expended for maintenance			<u>22.42%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

12. 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.

- a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$4,597,643
Less MOE base year requirement	<u>(4,387,018)</u>
Excess MOE for the year ended June 30, 2022	<u>\$ 210,625</u>

- 13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.
- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.
Results: No exceptions were noted as a result of our procedures.
- v. 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 \$659. We selected \$84 (12.75%) for testing. No exceptions noted as a result of our procedures.
- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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.
- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.
Results: The City recorded total RTCIP payroll expenditures in the amount of \$241, which represented 36.57% of total expenditures. We selected one pay period and one employee for testing, which represented the entirety of staff who charged payroll time to RTCIP projects. No exceptions were noted as a result of our procedures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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, 2022.

- xiv. 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.

14. 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.

15. 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.

16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
XXXX, 2023

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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, 2022

MPO ID	CIP Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CHV39	N/A	Regional Arterial Management Systems	\$ -	\$ 15,500	\$ -	\$ (15,500)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	15,500	-	(15,500)	-	-	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
CHV39	TRF0350	Traffic Signal System Optimization	(45,871)	295,000	-	(238,093)	-	11,036	
CHV39	TRF0400	Signal Retiming of Yellow	174	16,400	-	(78,947)	-	(62,373)	(a)
CHV39	TRF0423	Traffic Signal Comm Improv W of 805	103	5,000	-	(180)	-	4,923	
CHV39	TRF0426	Adapt Signl Expansion Otay Lakes Rd	-	2,699	-	(1,334)	-	1,365	
		Total CHV39 Projects	(45,594)	319,099	-	(318,554)	-	(45,049)	
CHV44	TRF0356	Otay Mesa Transportation System	(1,575)	5,277	-	(2,195)	-	1,507	
CHV48	STM0393	Major Pavement Rehabilitation FY2017/18	257,726	-	-	-	-	257,726	
CHV48	STM0397	Major Pavement Rehabilitation FY2018/19	(524,669)	716,000	-	(177,128)	-	14,203	
CHV48	STM0408	Pavement Major Rehabilitation Program	-	251,000	-	(246,649)	-	4,351	
		Total CHV44 Projects	(266,943)	967,000	-	(423,777)	-	276,280	
CHV51	STL0382	Cross Gutter Rehabilitation	(210,670)	210,670	-	-	-	-	(b)
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	(13,252)	255,000	-	(264,442)	-	(22,694)	(a)
CHV58	STM0405	ADA Path Install at Otay Lakes Rd	-	1,556	-	(1,310)	-	246	
CHV58	TRF0414	3rd Ave @ Seavale Pedestrian Improv	173	679	-	(851)	-	1	
		Total CHV58 Projects	(13,079)	257,235	-	(266,603)	-	(22,447)	
		Subtotal Congestion Relief	(537,861)	1,759,281	-	(1,011,129)	-	210,291	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2021</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2022</u>	<u>Notes</u>
		Balance carried forward - Congestion Relief	<u>\$ (537,861)</u>	<u>\$ 1,759,281</u>	<u>\$ -</u>	<u>\$ (1,011,129)</u>	<u>\$ -</u>	<u>\$ 210,291</u>	
CHV60	STL0437	EB Right Turn Lane Instal/ East H St Study	62	388	-	(386)	-	64	
CHV60	TRF0398	Traffic Sig Instal at Main St and Jacqua St	67	5,500	-	(1,779)	-	3,788	
CHV60	TRF0407	Traffic Sig Mod at Five Intersections	1,954	-	-	-	-	1,954	
CHV60	TRF0412	Traffic Signal Upgrades at Two Locations	104	-	-	(30)	-	74	
CHV60	TRF0418	Lead Ped Interval Traf Signal Ops	11,596	23,800	-	(66,251)	-	(30,855)	(a)
CHV60	TRF0424	Ped Hybr Beacon Upgrade	131	58,800	-	(122,557)	-	(63,626)	(a)
		Total CHV60 Projects	<u>13,914</u>	<u>88,488</u>	<u>-</u>	<u>(191,003)</u>	<u>-</u>	<u>(88,601)</u>	
CHV70	STM0384	Bike Lanes onBrdwy FsbiltyStudy	(211,897)	212,000	-	-	-	103	
CHV70	STM0392	Bike Lanes on Broadway	2,299	63,000	-	(70,977)	-	(5,678)	(a)
		Total CHV70 Projects	<u>(209,598)</u>	<u>275,000</u>	<u>-</u>	<u>(70,977)</u>	<u>-</u>	<u>(5,575)</u>	
CHV77	TRF0395	SANDAG MainSt Fiber OpticAdttl	18	3,757	-	(1,779)	-	1,996	
CHV79	TRF0415	Telegraph Cnyn Rd Raised Median Impvmnts	151	18,700	-	(9,126)	-	9,725	
CHV79	TRF0446	Left Turn Imp Bonita Rd@ Bonita Glen	(5,290)	29,500	-	(13,827)	-	10,383	
		Total CHV79 Projects	<u>(5,139)</u>	<u>48,200</u>	<u>-</u>	<u>(22,953)</u>	<u>-</u>	<u>20,108</u>	
CHV80	STL0406	3rd Ave Streetscp Imprv Phs 3	(68,930)	304,000	-	(155,965)	-	79,105	
CHV82	STL0420	Palomar St/Orange Ave Sidewalk	690	4,040	-	-	-	4,730	
CHV84	TRF0404	Retiming Signals/ Install Fiber Optic Comm Sys	(25,556)	54,000	-	(24,977)	-	3,467	
		Interest Income	<u>47,110</u>	<u>-</u>	<u>3,649</u>	<u>-</u>	<u>-</u>	<u>50,759</u>	
		Total Congestion Relief	<u>(785,352)</u>	<u>2,536,766</u>	<u>3,649</u>	<u>(1,478,783)</u>	<u>-</u>	<u>276,280</u>	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
Maintenance:									
CHV06	CTY0219	Pavement Management System	(38,240)	225,700	-	(230,352)	-	(42,892)	(a)
CHV06	STL0445	Pavement Minor Rehab	79	-	-	-	-	79	
CHV06	STL0455	Pavement Maintenance Program FY2021/22	-	9,300	-	(9,233)	-	67	
Total CHV06 Projects			(38,161)	235,000	-	(239,585)	-	(42,746)	
CHV22	CTY0202	CIP Advanced Planning	(36,117)	65,700	-	(79,933)	-	(50,350)	(a)
CHV22	CTY0208	CIP Management & Equipment Purchase	2,325	-	-	(860)	-	1,465	
CHV22	CTY0232	ADA Pedestrian Connectivity Program	98	6,100	-	(4,503)	-	1,695	
CHV22	STL0404	Bikeway Master Plan2016 Update	-	-	-	-	(54,128)	(54,128)	(a)(c)
CHV22	STM0406	Bay Boulevard at L Street Sidewalk Improvements Study	-	38,200	-	(37,661)	-	539	
Total CHV22 Projects			(33,694)	110,000	-	(122,957)	(54,128)	(100,779)	
CHV33	STL0410	Kellog Elem Schl Ped Improvmt	206	95,700	-	(95,531)	-	375	
CHV33	STM0380	Sidewalk Replacement E H Street Study	275	-	-	-	-	275	
CHV33	TRF0345	School Zone Traffic Calming	444	13,000	-	(12,901)	-	543	
CHV33	TRF0384	Lauderbach Elem. Pedestrian Imprv	(35,093)	131,300	-	(170,671)	-	(74,464)	(a)
CHV33	TRF0417	Enhanced Crosswalks School Zones	10,555	-	-	(5,104)	-	5,451	
Total CHV33 Projects			(23,613)	240,000	-	(284,207)	-	(67,820)	
CHV34	SW0292	Indtrl Blvd & Main St Swr Imprv	109	-	-	(55)	-	54	
CHV34	TRF0327	Neighborhood Safety Program	(26,673)	56,800	-	(29,997)	46	176	
CHV34	TRF0394	Ped Crsswk Enhanc @UncntrlIn	46	-	-	-	(46)	-	(b)
CHV34	TRF0411	Ped Imprvmnts- Castle Park Middle School	64	3,800	-	(2,944)	-	920	
CHV34	TRF0413	Ladder Crosswalks at Controlled Intersections Program	121	3,000	-	(3,091)	-	30	
CHV34	TRF0416	Intersection Safety Improvements	53	26,800	-	(26,675)	-	178	
CHV34	TRF0422	Radar Speed Feedback Signs	-	1,400	-	(916)	-	484	
CHV34	TRF0429	Pedestr and Guardrail Imprv Various	-	9,000	-	(22,614)	-	(13,614)	(a)
Total CHV34 Projects			(26,280)	100,800	-	(86,292)	-	(11,772)	
Subtotal Maintenance			(121,748)	685,800	-	(733,041)	(54,128)	(223,117)	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
		Balance carried forward - Maintenance	\$ (121,748)	\$ 685,800	\$ -	\$ (733,041)	\$ (54,128)	\$ (223,117)	
CHV35	TRF0332	Signing and Stripping Program	(6,194)	15,000	-	(12,654)	-	(3,848)	(a)
CHV35	TRF0366	Traffic Signal & St. Lighting Upgrade / Maint.	275	1,400	-	(1,587)	-	88	
CHV35	TRF0402	Traffic Signal Mod Broadway/F and Broadway/G	(129,847)	133,000	-	(23)	-	3,130	
CHV35	TRF0421	Engineering & Traffic Survey Updates Program	-	841	-	(782)	-	59	
		Total CHV35 Projects	(135,766)	150,241	-	(15,046)	-	(571)	
CHV45	STM0369	Bikeway Facilities Gap Project	-	5,700	-	(25,656)	-	(19,956)	(a)
CHV45	TRF0321	Citywide Traffic Count Program	22,591	-	-	(9,146)	-	13,445	
CHV45	TRF0354	Traffic Congestion Relief Program	-	6,000	-	(5,572)	-	428	
		Total CHV45 Projects	22,591	11,700	-	(40,374)	-	(6,083)	
CHV50	DR0205	CMP Rehabilitation In Right of Way FY17/18	(426,737)	385,300	-	(110)	55,733	14,186	
CHV50	DR0207	Drainage Infra Assesmnt in ROW	55,828	-	-	(95)	(55,733)	-	(b)
CHV50	DR0217	CMP Repair ROW FY20/21	324	25,000	-	(25,266)	-	58	
CHV50	STM0385	Bridge Maintenance	339	57,500	-	(56,996)	-	843	
		Total CHV50 Projects	(370,246)	467,800	-	(82,467)	-	15,087	
CHV53	STL0404	Bikeway Master Plan2016 Update	(54,128)	-	-	-	54,128	-	(c)
CHV75	STL0432	ADA Pedestrian Curb Ramps Program FY18/19	861	26,200	-	(280,630)	-	(253,569)	(a)
CHV75	STL0447	ADA Pedestrian Curb Ramps Prog	(7,197)	24,600	-	(153,482)	-	(136,079)	(a)
CHV75	STL0454	ADA Pedestrian Curb Ramps Program FY2021/22	-	10,160	-	(17,994)	-	(7,834)	(a)
		Total CHV75 Projects	(6,336)	60,960	-	(452,106)	-	(397,482)	
CHV83	STL0404	Bikeway Master Plan2016 Update	(27,346)	-	-	-	-	(27,346)	(a)
CHV83	STM0394	Local Street Utility Undergrounding District	23	17,000	-	(27,192)	-	(10,169)	(a)
CHV83	STM0407	F Street Undergrounding Phase 2 - Street Light Desig	-	17,801	-	(9,252)	-	8,549	
		Total CHV83 Projects	(27,323)	34,801	-	(36,444)	-	(28,966)	
		Subtotal Maintenance	(692,956)	1,411,302	-	(1,359,478)	-	(641,132)	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
		Balance carried forward - Maintenance	\$ (692,956)	\$ 1,411,302	\$ -	\$ (1,359,478)	\$ -	\$ (641,132)	
CHV90	TRF0427	North Second Avenue Shoulder Improv	-	-	-	(1,046)	-	(1,046)	(a)
		Interest Income	20,190	-	1,564	-	-	21,754	
		Total Maintenance	(672,766)	1,411,302	1,564	(1,360,524)	-	(620,424)	
		Total Local Street Improvements	(1,458,118)	3,963,568	5,213	(2,854,807)	-	(344,144)	
		Major Corridor Environmental Mitigation:							
CHV08	CTY0227	Cstl Ccts WrenHabitat Restrtn	39	-	-	(39)	-	-	(b)
CHV08	CTY0230	Rice Canyon Sensitive Plant Species (227355-7901)	(15,629)	15,629	-	-	-	-	(b)
		Total CHV08 Projects	(15,590)	15,629	-	(39)	-	-	
		Total Major Corridor Environmental Mitigation	(15,590)	15,629	-	(39)	-	-	
		Smart Growth:							
CHV86	STL0406	3rd Ave Streetscp Imprv Phs 3	(284,750)	284,750	-	-	-	-	(d)
		Total Smart Growth	(284,750)	284,750	-	-	-	-	
		Total <i>TransNet</i> Extension	(1,758,458)	4,263,947	5,213	(2,854,846)	-	(344,144)	
		GASB 31 Market Value Adjustment	(3,061)	-	-	-	-	(3,061)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustmen	\$ (1,761,519)	\$ 4,263,947	\$ 5,213	\$ (2,854,846)	\$ -	\$ (347,205)	

Notes:

- (a) To be covered by drawdown in FY23.
- (b) Project closed/completed.
- (c) Adjustment to move balance to CHV22; Previously reported in CHV53 in error; Corrected CIP # from STM0404 to STL0404.
- (d) Grant complete; Remainder of project to be funded thru CHV80.

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CHV39	N/A	Regional Arterial Management Systems	\$ 155,000	\$ -	\$ (155,000)	\$ -
Total Congestion Relief-Pass Through			<u>155,000</u>	<u>-</u>	<u>(155,000)</u>	<u>-</u>
Congestion Relief:						
CHV39	TRF0350	Traffic Signal System Optimization	1,910,413	833	(1,900,210)	11,036
CHV39	TRF0400	Signal Retiming of Yellow	24,976	-	(87,349)	(62,373)
CHV39	TRF0423	Traffic Signal Comm Improv W of 805	5,295	-	(372)	4,923
CHV39	TRF0426	Adapt Signl Expansion Otay Lakes Rd	2,699	-	(1,334)	1,365
Total CHV39 Projects			<u>1,943,383</u>	<u>833</u>	<u>(1,989,265)</u>	<u>(45,049)</u>
CHV44	TRF0356	Otay Mesa Transportation System	<u>31,455</u>	<u>-</u>	<u>(29,948)</u>	<u>1,507</u>
CHV48	STM0393	Major Pavement Rehabilitation FY2017/18	3,137,082	-	(2,879,356)	257,726
CHV48	STM0397	Major Pavement Rehabilitation FY2018/19	2,875,414	-	(2,861,211)	14,203
CHV48	STM0408	Pavement Major Rehabilitation Program	251,000	-	(246,649)	4,351
Total CHV 48 Projects			<u>6,263,496</u>	<u>-</u>	<u>(5,987,216)</u>	<u>276,280</u>
CHV51	STL0382	Cross Gutter Rehabilitation	<u>386,272</u>	<u>-</u>	<u>(386,272)</u>	<u>-</u>
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	570,119	-	(592,813)	(22,694)
CHV58	STM0405	ADA Path Install at Otay Lakes Rd	1,556	-	(1,310)	246
CHV58	TRF0414	3rd Ave @ Seavale Pedestrian Improv	5,864	-	(5,863)	1
Total CHV58 Projects			<u>577,539</u>	<u>-</u>	<u>(599,986)</u>	<u>(22,447)</u>
Subtotal Congestion Relief			<u>9,202,145</u>	<u>833</u>	<u>(8,992,687)</u>	<u>210,291</u>

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
		Congestion Relief balance carried forward	\$ 9,202,145	\$ 833	\$ (8,992,687)	\$ 210,291
CHV60	STL0437	EB Right Turn Lane Instal/ East H St Study	1,988	-	(1,924)	64
CHV60	TRF0398	Traffic Sig Instal at Main St and Jacqua St	11,861	-	(8,073)	3,788
CHV60	TRF0407	Traffic Sig Mod at Five Intersections	181,954	-	(180,000)	1,954
CHV60	TRF0412	Traffic Signal Upgrades at Two Locations	192,380	-	(192,306)	74
CHV60	TRF0418	Lead Ped Interval Traf Signal Ops	43,100	-	(73,955)	(30,855)
CHV60	TRF0424	Ped Hybr Beacon Upgrade	128,945	-	(192,571)	(63,626)
		Total CHV60 Projects	<u>560,228</u>	-	<u>(648,829)</u>	<u>(88,601)</u>
CHV70	STM0384	Bike Lanes onBrdwy FsbiltyStudy	1,995,495	-	(1,995,392)	103
CHV70	STM0392	Bike Lanes on Broadway	960,423	-	(966,101)	(5,678)
		Total CHV70 Projects	<u>2,955,918</u>	-	<u>(2,961,493)</u>	<u>(5,575)</u>
CHV77	TRF0395	SANDAG Main St Fiber OpticAddtl	41,530	-	(39,534)	1,996
CHV79	TRF0415	Telegraph Cyn Rd Raised Median Impvmnts	69,292	-	(59,567)	9,725
CHV79	TRF0446	Left Turn Imp Bonita Rd@ bonita Glen	43,830	-	(33,447)	10,383
		Total CHV79 Projects	<u>113,122</u>	-	<u>(93,014)</u>	<u>20,108</u>
CHV80	STL0406	3rd Ave Streetscp Imprv Phs 3	2,644,038	-	(2,564,933)	79,105
CHV82	STL0420	Palomar St/Orange Ave Sidewalk	603,381	-	(598,651)	4,730
CHV84	TRF0404	Retiming Signals/ Install Fiber Optic Comm Sys	926,850	-	(923,383)	3,467
		Interest Income	-	50,759	-	50,759
		Total Congestion Relief	<u>17,047,212</u>	<u>51,592</u>	<u>(16,822,524)</u>	<u>276,280</u>

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
Maintenance:						
CHV06	CTY0219	Pavement Management System	1,271,688	-	(1,314,580)	(42,892)
CHV06	STL0445	Pavement Minor Rehab	32,432	-	(32,353)	79
CHV06	STL0455	Pavement Maintenance Program FY2021/22	9,300	-	(9,233)	67
Total CHV06 Projects			1,313,420	-	(1,356,166)	(42,746)
CHV22	CTY0202	CIP Advanced Planning	789,476	-	(839,826)	(50,350)
CHV22	CTY0208	CIP Management & Equipment Purchase	45,873	-	(44,408)	1,465
CHV22	CTY0232	ADA Pedestrian Connectivity Program	17,950	-	(16,255)	1,695
CHV22	STL0404	Bikeway Master Plan2016 Update	-	-	(54,128)	(54,128)
CHV22	STM0406	Bay Boulevard at L Street Sidewalk Improvements Study	38,200	-	(37,661)	539
Total CHV 22 Projects			891,499	-	(992,278)	(100,779)
CHV33	STL0410	Kellog Elem Schl Ped Improvmt	225,368	-	(224,993)	375
CHV33	STM0380	Sidewalk Replacement E H Street Study	148,612	-	(148,337)	275
CHV33	TRF0345	School Zone Traffic Calming	540,107	-	(539,564)	543
CHV33	TRF0384	Lauderbach Elem. Pedestrian Imprv	287,996	-	(362,460)	(74,464)
CHV33	TRF0417	Enhanced Crosswalks School Zones	27,000	-	(21,549)	5,451
Total CHV 33 Projects			1,229,083	-	(1,296,903)	(67,820)
CHV34	SWR0292	Indtrl Blvd & Main St Swr Imprv	139,401	-	(139,347)	54
CHV34	TRF0327	Neighborhood Safety Program	1,855,008	-	(1,854,832)	176
CHV34	TRF0394	Ped Crsswk Enhanc @UncntrldIn	81,954	-	(81,954)	-
CHV34	TRF0411	Ped Imprvmnts- Castle Park Middle School	12,069	-	(11,149)	920
CHV34	TRF0413	Ladder Crosswalks at Controlled Intersections Program	14,806	-	(14,776)	30
CHV34	TRF0416	Intersection Safety Improvements	125,500	-	(125,322)	178
CHV34	TRF0422	Radar Speed Feedback Signs	1,400	-	(916)	484
CHV34	TRF0429	Pedestr and Guardrail Imprv Various	9,000	-	(22,614)	(13,614)
Total CHV 34 Projects			2,239,138	-	(2,250,910)	(11,772)
Subtotal Maintenance			5,673,140	-	(5,896,257)	(223,117)

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
		Maintenance balance carried forward	\$ 5,673,140	\$ -	\$ (5,896,257)	\$ (223,117)
CHV35	TRF0332	Signing and Stripping Program	508,163	-	(512,011)	(3,848)
CHV35	TRF0366	Traffic Signal & St. Lighting Upgrade / Maint.	1,947,248	-	(1,947,160)	88
CHV35	TRF0402	Traffic Signal Mod Broadway/F and Broadway/G	133,000	-	(129,870)	3,130
CHV35	TRF0421	Engineering & Traffic Survey Updates Program	841	-	(782)	59
		Total CHV 35 Projects	<u>2,589,252</u>	-	<u>(2,589,823)</u>	<u>(571)</u>
CHV45	STM0369	Bikeway Facilities Gap Project	429,003	-	(448,959)	(19,956)
CHV45	TRF0321	Citywide Traffic Count Program	521,191	-	(507,746)	13,445
CHV45	TRF0354	Traffic Congestion Relief Program	6,000	-	(5,572)	428
		Total CHV 45 Projects	<u>956,194</u>	-	<u>(962,277)</u>	<u>(6,083)</u>
CHV50	DR0205	CMP Rehabilitation In Right of Way FY17/18	2,114,350	-	(2,100,164)	14,186
CHV50	DR0207	Drainage Infra Assesmnt in ROW	136,194	-	(136,194)	-
CHV50	DR0217	CMP Repair ROW FY20/21	79,550	-	(79,492)	58
CHV50	STM0385	Bridge Maintenance	118,485	-	(117,642)	843
		Total CHV 50 Projects	<u>2,448,579</u>	-	<u>(2,433,492)</u>	<u>15,087</u>
CHV53	STL0404	Bikeway Master Plan 2016 Update	120,752	-	(120,752)	-
CHV75	STL0432	ADA Pedestrian Curb Ramps Program FY18/19	96,550	-	(350,119)	(253,569)
CHV75	STL0447	ADA Pedestrian Curb Ramps Program	50,140	-	(186,219)	(136,079)
CHV75	STL0454	ADA Pedestrian Curb Ramps Program FY2021/22	10,160	-	(17,994)	(7,834)
		Total CHV 75 Projects	<u>156,850</u>	-	<u>(554,332)</u>	<u>(397,482)</u>
CHV83	STL0404	Bikeway Master Plan 2016 Update	-	-	(27,346)	(27,346)
CHV83	STM0394	Local Street Utility Undergrounding District	56,340	-	(66,509)	(10,169)
CHV83	STM0407	F Street Undergrounding Phase 2 - Street Light Design	17,801	-	(9,252)	8,549
		Total CHV 83 Projects	<u>74,141</u>	-	<u>(103,107)</u>	<u>(28,966)</u>
		Subtotal Maintenance	<u>12,018,908</u>	-	<u>(12,660,040)</u>	<u>(641,132)</u>

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
		Maintenance balance carried forward	\$ 12,018,908	\$ -	\$ (12,660,040)	\$ (641,132)
CHV90	TRF0427	North Second Avenue Shoulder Improv	-	-	(1,046)	(1,046)
		Interest Income	-	21,754	-	21,754
		Total Maintenance	12,018,908	21,754	(12,661,086)	(620,424)
		Total Local Street Improvements	29,221,120	73,346	(29,638,610)	(344,144)
		Major Corridor Environmental Mitigation:				
CHV08	CTY0227	Cstl Ccts WrenHabitat Restrnr	189,820	-	(189,820)	-
CHV08	CTY0230	Rice Canyon Sensitive Plant Species	30,170	-	(30,170)	-
		Total Major Corridor Environmental Mitigation	219,990	-	(219,990)	-
		Smart Growth:				
CHV86	STL0406	3rd Ave Streetscp Imprv Phs 3	2,148,132	-	(2,148,132)	-
		Total Smart Growth	2,148,132	-	(2,148,132)	-
		Subtotal Cumulative <i>TransNet</i> Extension	31,589,242	73,346	(32,006,732)	(344,144)
		Completed Projects:				
		LSI - Congestion Relief	33,688,265	4,132	(33,692,397)	-
		LSI - Maintenance	6,662,153	1,219	(6,663,372)	-
		Major Corridor Environmental Mitigation	852,688	-	(852,688)	-
		Smart Growth	4,104,566	-	(4,104,566)	-
		Bike and Pedestrian	828,582	-	(828,582)	-
		Total Completed Projects	46,136,254	5,351	(46,141,605)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 77,725,496	\$ 78,697	\$ (78,148,337)	\$ (344,144)

SCHEDULE C

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2022	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021	
For Fiscal Year ended June 30, 2015	June 30, 2022		\$ 90,931	\$ 502	\$ (91,433)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2016	June 30, 2023		90,345	-	(75,914)	-	-	14,431	15,090	
For Fiscal Year ended June 30, 2017	June 30, 2024		5,708	-	-	-	-	5,708	5,708	
For Fiscal Year ended June 30, 2018	June 30, 2025		389,773	-	-	-	-	389,773	389,773	
For Fiscal Year ended June 30, 2019	June 30, 2026		120,066	-	-	(4,387)	-	115,679	120,066	(a)
For Fiscal Year ended June 30, 2020	June 30, 2027		68,068	-	-	-	-	68,068	68,068	
For Fiscal Year ended June 30, 2021	June 30, 2028		564,393	-	-	(8,152)	-	556,241	560,006	(b)
For Fiscal Year ended June 30, 2022	June 30, 2029		1,033,556	-	-	-	-	1,033,556	-	
Interest Income			-	84,055	-	-	-	84,055	55,506	
Subtotal RTCIP Funds			2,362,840	84,557	(167,347)	(12,539)	-	2,267,511	1,214,217	
GASB 31 Market Value Adjustment			-	(65,186)	-	-	-	(65,186)	(7,215)	
Total RTCIP Funds			\$ 2,362,840	\$ 19,371	\$ (167,347)	\$ (12,539)	\$ -	\$ 2,202,325	\$ 1,207,002	

Notes:

- (a) Adjustment is for a refund from FY19 applied in FY21. This adjustment was erroneously included as a FY21 adjustment in the FY21 Report, and has since been moved to FY19.
- (b) Adjustment is for refunds from FY21 applied in FY22.

CITY OF CORONADO, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Coronado, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 \$847,640. We selected \$468,599 (55.28%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures identified during FY22.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated during FY22.

- 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.

- 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, 2023.

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 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 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 included within Schedule A in FY22.

- 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 Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments.

- 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 project status 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 2022 apportionment	\$772,459
Less: debt service payment	<u>-</u>
Net estimated apportionment	772,459
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>231,738</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(361,259)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(361,259)</u>
Fund balance under apportionment	<u>\$ 592,997</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(361,259)	\$ 145,459	\$(215,800)
Maintenance	<u>-</u>	<u>2,456,392</u>	<u>2,456,392</u>
Totals	<u>\$(361,259)</u>	<u>\$2,601,851</u>	<u>\$2,240,592</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 3.15% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$6,075,318	\$ (16,785)	\$6,058,533
Maintenance	282,949	2,396,349	2,679,298
Interest	<u>21,958</u>	<u>222,287</u>	<u>244,245</u>
Total local street and road revenue	<u>\$6,380,225</u>	<u>\$2,601,851</u>	<u>\$8,982,076</u>
30% of total local street and road revenue			\$2,694,623
Less maintenance expenditures incurred to date			<u>(283,272)</u>
Available maintenance funds			<u>\$2,411,351</u>
Cumulative percentage expended for maintenance			<u>3.15%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$1,319,714
Less MOE base year requirement	<u>(984,388)</u>
Excess MOE for the year ended June 30, 2022	<u>\$ 335,326</u>

- 13. 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 (including commitments), and cumulative ending balance.

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

Results: The City did not consistently collect the required exaction fee amount of \$2,635.50. For 2 permits issued, the exaction fee collected was based upon the prior year exaction fee amount. This resulted in an under-collection of the exaction fee in the amount of \$155. 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed

in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 incur RTCIP expenditures for the fiscal year ending June 30, 2022.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 RTCIP expenditures for fiscal year ending June 30, 2022.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP payroll expenditures for the fiscal year ending June 30, 2022.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.
Results: No exceptions were noted as a result of our procedures.

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 23, 2022.

- xiv. 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.

- 14. 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.

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

Results: The City had one prior year finding relating to improper timekeeping records to support staff time worked on projects included within the RTIP. As the City did not incur any payroll expenditures for projects included within the RTIP for the fiscal year ended June 30, 2022, we were unable to test whether this finding has been resolved.

- 16. 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.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
XXXX, 2023

DRAFT

CITY OF CORONADO, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2022

(1) Need to Use Approved Exaction Fee

The City did not consistently collect the required exaction fee amount of \$2,635.50. For 2 permits issued, the exaction fee collected was based upon the prior year exaction fee amount. This resulted in an under-collection of the exaction fee in the amount of \$155 as follows:

<u>Permit Number</u>	<u>Audited Amount</u>	<u>Amount Required</u>	<u>Variance</u>
NC2112-001	\$2,584	\$2,636	\$52
NC1909-003	<u>5,168</u>	<u>5,271</u>	<u>103</u>
Totals	<u>\$7,752</u>	<u>\$7,907</u>	<u>\$155</u>

SANDAG Board recommendations as of February 10, 2021 and subsequent approval states, in part:

"...the Board of Directors will be asked to approve a 2% adjustment to the Regional Transportation Congestion Improvement Program (RTCIP) raising the minimum fee from \$2,583.82 to \$2,635.50 beginning July 1, 2021."

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 recover the under-collection of exaction fees in the amount of \$155 for FY22. Additionally, we recommend that the City update and collect the proper exaction fees on a yearly basis to be in compliance with the RTCIP fees.

Management Response

Management agrees with the finding, and we are evaluating additional controls to prevent errors in collections in the future. During the review of collections for Fiscal Year 2022 it was brought to our attention that the fees in the system were not updated

CITY OF CORONADO, CALIFORNIA

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

Findings and Recommendations (Continued)

Year Ended June 30, 2022

from Fiscal Year 2021. Staff confirmed that the fees have now been updated to collect the correct exaction fee.

City Departments are working together to improve controls and have reinforced with staff the need to review the correctness of fees before finalizing permits. Additionally, the City will work with staff and evaluate the process of fee collection to establish steps to correct fee assessment.

During the fiscal year 2023 the City will make every effort to collect and record the under-collected amounts of the exaction fees.

DRAFT

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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 CORONADO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension: Congestion Relief:									
COR 07	9740-20002	Street, Curb & Gutter-FY19/FY20	\$ 6,844	\$ 100,000	\$ -	\$ -	\$ -	\$ 106,844	
COR 25	9712-18003	Ocean Blvd. Street Improvement	-	379,042	-	(847,640)	-	(468,598)	(a)
		Interest Income	-	-	495	-	-	495	
		Total Congestion Relief	6,844	479,042	495	(847,640)	-	(361,259)	
		Total <i>TransNet</i> Extension	6,844	479,042	495	(847,640)	-	(361,259)	
		GASB 31 Market Value Adjustment	(390)	-	(2,882)	-	-	(3,272)	
		Total <i>TransNet</i> Extension after GASB 31 adjustment	\$ 6,454	\$ 479,042	\$ (2,387)	\$ (847,640)	\$ -	\$ (364,531)	

Notes:

(a) The City will request a drawdown to remove the deficit in FY23.

SCHEDULE B

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

<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, 2022</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
COR 07	9740-20002	Street, Curb & Gutter-FY19 and FY20	\$ 187,579	\$ -	\$ (80,735)	\$ 106,844
COR 25	9712-18003	Ocean Blvd. Street Improvement	459,042	3,866	(931,506)	(468,598)
		Interest Income	-	495	-	495
		Total Congestion Relief	646,621	4,361	(1,012,241)	(361,259)
		Total Local Street Improvements	646,621	4,361	(1,012,241)	(361,259)
		Subtotal Cumulative <i>TransNet</i> Extension	646,621	4,361	(1,012,241)	(361,259)
Completed Projects:						
		LSI - Congestion Relief	5,428,697	17,274	(5,445,971)	-
		LSI - Maintenance	282,949	323	(283,272)	-
		Senior Mini Grant	89,083	-	(89,083)	-
		Total Completed Projects	5,800,729	17,597	(5,818,326)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 6,447,350	\$ 21,958	\$ (6,830,567)	\$ (361,259)

SCHEDULE C

CITY OF CORONADO, CALIFORNIA
 TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed		Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2022	June 30, 2022	June 30, 2021		
For Fiscal Year ended June 30, 2015	June 30, 2022	COR24	\$ 24,273	\$ 1,267	\$ (25,540)	\$ -	\$ -	\$ -	\$ -		
For Fiscal Year ended June 30, 2016	June 30, 2023	COR24	18,536	876	(19,412)	-	-	-	-		
For Fiscal Year ended June 30, 2017	June 30, 2024	COR24	21,213	1,327	(3,671)	-	-	18,869	18,752		
For Fiscal Year ended June 30, 2018	June 30, 2025		14,425	862	-	-	-	15,287	15,192		
For Fiscal Year ended June 30, 2019	June 30, 2026		26,446	1,438	-	-	-	27,884	27,711		
For Fiscal Year ended June 30, 2020	June 30, 2027		16,072	555	-	-	-	16,627	16,395		
For Fiscal Year ended June 30, 2021	June 30, 2028		-	-	-	-	-	-	-		
For Fiscal Year ended June 30, 2022	June 30, 2029		<u>12,919</u>	<u>81</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>-</u>		
Total RTCIP Funds			133,884	6,406	(48,623)	-	-	91,667	78,050		
GASB 31 Market Value Adjustment			-	(123)	-	-	-	(123)	584		
Total RTCIP Funds			<u>\$ 133,884</u>	<u>\$ 6,283</u>	<u>\$ (48,623)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,544</u>	<u>\$ 78,634</u>		

CITY OF DEL MAR, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Del Mar, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 \$18,000, excluding debt. We selected \$18,000 (100%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as indirect costs were not 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.

- 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 transfers.

- 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 there were no 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, 2023.

Results: This procedure is not applicable as there were no 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 with 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 with 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 Adjustments 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 that were required to be on Schedule B.

- 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 in the prior year's Schedule A.

8. We reviewed that the ending project status 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 2022 apportionment	\$ 259,298
Less: debt service payment	<u>(134,680)</u>
Net estimated apportionment	124,618
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>37,385</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(3,167)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(3,167)</u>
Fund balance under apportionment	<u>\$ 34,218</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$3,167	\$(195,552)	\$(192,385)
Maintenance	<u>-</u>	<u>485,304</u>	<u>485,304</u>
Totals	<u>\$3,167</u>	<u>\$ 289,752</u>	<u>\$ 292,919</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 5.61% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$6,482,207	\$ (216,141)	\$6,266,066
Maintenance	402,626	477,518	880,144
Interest	<u>8,260</u>	<u>28,375</u>	<u>36,635</u>
 Total local street and road revenue	 <u>\$6,893,093</u>	 <u>\$ 289,752</u>	 <u>\$7,182,845</u>
 30% of total local street and road revenue			 \$ 2,154,854
Less maintenance expenditures incurred to date			<u>(403,270)</u>
 Available maintenance funds			 \$ <u>1,751,584</u>
 Cumulative percentage expended for maintenance			 <u>5.61%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below.

	<u>Balance July 1, 2021</u>	<u>Bond Refunding</u>	<u>Principal Payments</u>	<u>Balance June 30, 2022</u>	<u>Interest and Other Adjustments</u>
2014 Series A Bonds	\$188,775	\$ -	\$65,000	\$140,000	\$ 10,240
2019 Series A Bonds	855,000	-	-	855,000	27,245
2021 Series A Bonds	1,610,000	-	-	1,610,000	32,184

12. 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.

- a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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 for the year ended June 30, 2022. The City had an outstanding unmet MOE requirement for the prior year in the amount of \$257,096 for the Street & Roads. 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, 2022, is summarized as follows:

	<u>Street & Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Current year local discretionary expenditures	\$787,242	\$60,000	\$847,242
Less MOE base year requirement	<u>(602,608)</u>	<u>(27,766)</u>	<u>(630,374)</u>
Excess (shortfall) MOE for the year ended June 30, 2022	<u>\$184,634</u>	<u>\$32,234</u>	<u>\$216,868</u>

Calculation of remaining MOE deficit for Street & Roads is as follows:

<u>Fiscal Year Ended June 30</u>	<u>Additional MOE</u>	<u>MOE Deficit Balance</u>
2021	\$ -	\$(257,096)
2022	184,634	(72,462)

- 13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 \$5,000. We selected \$5,000 (100%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 13.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 24, 2022.

- xiv. 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.

14. 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.

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

Results: The prior year report included a finding that the City of Del Mar did not meet its MOE requirement for Senior Transportation and was in a shortfall in the amount of \$257,096. Our testing of the MOE requirement for the year ended June 30, 2022 identified a reduction of shortfall to \$72,462. As such, the finding has yet to be resolved.

16. 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, 2022. However, the MOE requirement for Senior Transportation continues to result in a shortfall current year. See the Findings and Recommendations section of the report.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the

expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
_____, 2023

DRAFT

CITY OF DEL MAR, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2022

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

The City did not meet its MOE requirement for Streets and Roads as follows:

Current year local discretionary expenditures	\$ 787,242
Less: MOE Requirement for FY 2021	<u>(602,608)</u>
Shortfall of MOE expenditures	184,634
Less: FY2021 Shortfall	<u>(257,096)</u>
Remaining Shortfall	<u>\$ (72,462)</u>

TransNet Extension Ordinance Section 8 states, in part:

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

Recommendation

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

Management Response

Due to the Fiscal Year 2020-21 projected revenue loss of \$3.1 million caused by the Coronavirus pandemic, in June 2020, the City Council had to approve extreme cuts in order to offset the anticipated revenue loss. Among other expenditure cuts, Capital Projects, including street related projects had to be deferred and only essential projects that were legally required and/or critical to public health and safety were included in the updated Fiscal Year 2020-21 budget. Unfortunately, these required cuts led to the City not meeting the MOE requirement for Fiscal Year 2020-21. Although revenues are gradually recovering to pre-pandemic levels, the City will never recover the revenue that was lost since March 2020.

In accordance with Section 8 of the *TransNet* Extension Ordinance, the City of Del Mar has requested that the commission review and approve a request to allow the City to make up the shortfall by June 30, 2024. This request was formally made on March 1, 2022. The request was approved on the following dates:

Independent Taxpayer Oversight Committee March 9, 2022
SANDAG Transportation Committee April 15, 2022
SANDAG Board of Directors April 22, 2022

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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, 2022

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2021</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2022</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
DM06	44.7000.7009	Sidewalk, Street and Drainage Project	\$ 3,090	\$ 18,000	\$ 77	\$ (18,000)	\$ -	\$ 3,167	
		2014 Series A Bond	-	75,240	-	(75,240)	-	-	
		2019 Series A Bond	-	27,245	-	(27,245)	-	-	
		2021 Series A Bond	-	32,184	-	(32,184)	-	-	
		Total Congestion Relief	<u>3,090</u>	<u>152,669</u>	<u>77</u>	<u>(152,669)</u>	<u>-</u>	<u>3,167</u>	
Maintenance:									
DM01	44.7000.XXXX	Resurfacing and Drainage Project	-	-	-	-	-	-	
		Total Maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total Local Street Improvements	<u>3,090</u>	<u>152,669</u>	<u>77</u>	<u>(152,669)</u>	<u>-</u>	<u>3,167</u>	
		Total TransNet Extension	<u>3,090</u>	<u>152,669</u>	<u>77</u>	<u>(152,669)</u>	<u>-</u>	<u>3,167</u>	
		GASB 31 Market Value Adjustment	-	-	(411)	-	-	(411)	
		Total TransNet Extension after GASB 31 Adjustment	<u>\$ 3,090</u>	<u>\$ 152,669</u>	<u>\$ (334)</u>	<u>\$ (152,669)</u>	<u>\$ -</u>	<u>\$ 2,756</u>	

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 207,386	\$ 459	\$ (207,845)	\$ -
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	4,253,985	5,746	(4,256,564)	3,167
		2014 Series A Bonds	1,221,704	-	(1,221,704)	-
		2019 Series A Bonds	53,404	-	(53,404)	-
		2021 Series A Bonds	40,423	-	(40,423)	-
		Total Congestion Relief	<u>5,776,902</u>	<u>6,205</u>	<u>(5,779,940)</u>	<u>3,167</u>
Maintenance:						
DM01	44.6101.5900	Resurfacing and Drainage Project	402,626	644	(403,270)	-
		Total Maintenance	<u>402,626</u>	<u>644</u>	<u>(403,270)</u>	<u>-</u>
		Total Local Street Improvements	<u>6,179,528</u>	<u>6,849</u>	<u>(6,183,210)</u>	<u>3,167</u>
		Total Cumulative <i>TransNet</i> Extension	<u>6,179,528</u>	<u>6,849</u>	<u>(6,183,210)</u>	<u>3,167</u>
Completed Projects:						
		LSI - Commercial Paper Debt Service	1,082	-	(1,082)	-
		LSI - Congestion Relief	704,223	1,411	(705,634)	-
		Bikes and Pedestrian	812,000	-	(812,000)	-
		Total Completed Projects	<u>1,517,305</u>	<u>1,411</u>	<u>(1,518,716)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 7,696,833</u>	<u>\$ 8,260</u>	<u>\$ (7,701,926)</u>	<u>\$ 3,167</u>

CITY OF DEL MAR, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2022	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021
For Fiscal Year ended June 30, 2014	June 30, 2021	DM01	\$ 2,209	\$ 49	\$ (2,258)	\$ -	\$ -	\$ 17	
For Fiscal Year ended June 30, 2015	June 30, 2022		-	-	-	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023		-	-	-	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024		-	-	-	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	DM06	2,404	25	(2,429)	-	-	2,429	
For Fiscal Year ended June 30, 2019	June 30, 2026	DM06	2,483	68	(2,551)	-	-	2,551	
For Fiscal Year ended June 30, 2020	June 30, 2027	DM06	2,533	125	(3)	-	2,655	2,658	
For Fiscal Year ended June 30, 2021	June 30, 2028		2,584	131	-	-	2,715	2,715	
For Fiscal Year ended June 30, 2022	June 30, 2029		<u>2,636</u>	<u>58</u>	<u>-</u>	<u>-</u>	<u>2,694</u>	<u>-</u>	
Subtotal RTCIP Funds			14,849	456	(7,241)	-	8,064	10,370	
GASB 31 Market Value Adjustment			-	(215)	-	-	(215)	-	
Total RTCIP Funds			<u>\$ 14,849</u>	<u>\$ 241</u>	<u>\$ (7,241)</u>	<u>\$ -</u>	<u>\$ 7,849</u>	<u>\$ 10,370</u>	

CITY OF EL CAJON, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of El Cajon, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 \$2,095,955. We selected \$863,448 (41.20%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2022. The City distributes indirect costs in two ways. For operating departments, an allocation for each cost pool is made following a reasonable allocation basis. For irregularly timed or project work, such as CIP projects, indirect costs are applied using Fully Burdened Rates (FBR). FBRs are calculated for each job classification. Since job classifications may exist in many budgetary units, an average of each unit's hourly rate is calculated and used as the FBR for that classification. This average hourly rate is weighted by the portion of full time equivalent (FTE) employees in that unit. FBRs are used to assign indirect costs where they are not allocated. The City's indirect cost rates were last updated on October 19, 2020. The dollar amount of the indirect costs charged to the *TransNet* program was \$42,740 resulting in 2.04% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent certified public accounting firm. 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: This procedure is not applicable as there were no adjustments of *TransNet* funds between projects.

- 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, 2023.

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: Project PW3690 has been inactive for the last two years as the City received funding in FY21, but has elected not to use the funding as originally assigned; the remaining balance will be reprogrammed once the City has identified an appropriate project to reassign funding.

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

Results: SANDAG approved of the inactive project on February 2, 2023. 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 did not have any non-*TransNet* activity during FY22.

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 Adjustments 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 project status 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 2022 apportionment	\$3,298,876
Less: debt service payment	_____ -
Net estimated apportionment	3,298,876
30% base	_____ 30%
Fiscal year 2022 30% threshold	_____ 989,663
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(80,686)
Maintenance fund balance	_____ (548,473)
Total Local Streets and Roads and Local Street Improvement fund balance	_____ (629,159)
Fund balance under apportionment	<u>\$1,618,822</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (80,686)	\$ 3,398,481	\$ 3,317,795
Maintenance	<u>(548,473)</u>	<u>4,209,307</u>	<u>3,660,834</u>
Totals	\$ <u>(629,159)</u>	\$ <u>7,607,788</u>	\$ <u>6,978,629</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 19.50% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$20,982,128	\$ 3,000,809	\$23,982,937
Maintenance	6,240,761	4,050,811	10,291,572
Interest	<u>9,785</u>	<u>556,168</u>	<u>565,953</u>
Total local street and road revenue	\$ <u>27,232,674</u>	\$ <u>7,607,788</u>	\$ <u>34,840,462</u>
30% of total local street and road revenue			\$ 10,452,139
Less maintenance expenditures incurred to date			<u>(6,792,170)</u>
Available maintenance funds			\$ <u>3,659,969</u>
Cumulative percentage expended for maintenance			<u>19.50%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
 - 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$2,310,687
Less MOE base year requirement	<u>(1,849,773)</u>
Excess MOE for the year ended June 30, 2022	<u>\$ 460,914</u>

- 13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.
- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.
Results: No exceptions were noted as a result of our procedures.
- v. 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 incur RTCIP expenditures for the fiscal year ending June 30, 2022.
- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 RTCIP expenditures for fiscal year ending June 30, 2022.
- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.
Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2022.
- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 17, 2022.

- xiv. 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.

- 14. 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.

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

Results: Per inquiry and documentation with the City we have determined that the PY finding has been resolved and all RTCIP exaction fees have been collected.

16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
_____, 2023

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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 Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	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	PW50020	Overlay 2020	169,099	594,000	-	(962,080)	-	(198,981)	(a)
EL06	PW3687	Traffic Signal System Upgrades 2020	4,046	-	-	-	-	4,046	(b)
EL06	PW3688	Jamacha Road Safety Improvements	21,355	16,699	-	(24,265)	-	13,789	
EL06	PW3689	Madison Avenue Safety Improvements	(2,171)	-	-	(354)	-	(2,525)	(a)
EL06	PW3690	El Cajon Transit Center Improvements	28,514	-	-	-	-	28,514	(c)
EL06	PW3691	Main/Green Street Gateway Improvements	6,000	-	-	-	-	6,000	
EL06	PW3720	Traffic Signal System Upgrades 2021	8,103	-	-	-	-	8,103	(d)
EL06	PW3744	Traffic Signal System Upgrades 2022	-	215,250	-	(199,645)	-	15,605	
EL06	PW50020	Overlay 2020	-	51	-	(13)	-	38	
		Total EL06 Projects	65,847	232,000	-	(224,277)	-	73,570	
EL18	PW3658	Street Light LED Retrofit Program 2019	(17,462)	-	-	-	-	(17,462)	(a)
EL18	PW3685	Repair and Replacement of Street Light System	912	-	-	-	-	912	(b)
EL18	PW3688	Jamacha Road Safety Improvements	(18,645)	8,100	-	(24,265)	-	(34,810)	(a)
EL18	PW3689	Madison Avenue Safety Improvements	1,894	18,600	-	(59,761)	-	(39,267)	(a)
EL18	PW3718	Street Light LED Retrofit Program 2021	(88,607)	57,000	-	(7,143)	-	(38,750)	(d)
EL18	PW3743	Street Light LED Retrofit Program 2022	-	107,300	-	(100,210)	-	7,090	
		Total EL18 Projects	(121,908)	191,000	-	(191,379)	-	(122,287)	
EL29	PW3686	Traffic Safety Calming 2020	157,283	-	-	-	-	157,283	(d)
EL29	PW3719	Traffic Safety Calming 2021	380	4,000	-	(1,500)	-	2,880	(d)
		Total EL29 Projects	157,663	4,000	-	(1,500)	-	160,163	
		Interest Income	6,849	-	-	-	-	6,849	
		Total Congestion Relief	277,550	1,021,000	-	(1,379,236)	-	(80,686)	

(Continued)

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
Maintenance:									
EL11	PW3688	Jamacha Road Safety Improvements	\$ (17,645)	\$ 6,335	\$ -	\$ (24,265)	\$ -	\$ (35,575)	(a)
EL11	PW3689	Madison Avenue Safety Improvements	(19,815)	30,500	-	(15,834)	-	(5,149)	(a)
EL11	PW3690	El Cajon Transit Center Improvements	2,596	24,965	-	(27,520)	-	41	
EL11	PW3691	Main/Green Street Gateway Improvements	5,000	12,500	-	(19,925)	-	(2,425)	(a)
EL11	PW52020	Concrete Grind 2020	8,842	-	-	-	-	8,842	(b)
EL11	PW52021	Concrete Grind 2021	8,806	-	-	-	-	8,806	(b)
EL11	PW52022	Concrete Sidewalk Slicing	-	16,100	-	(40,605)	-	(24,505)	(a)
EL11	PW53020	ADA Concrete Improvements 2020	(1,998)	29,500	-	(179,609)	-	(152,107)	(a)
EL11	PW53021	ADA Concrete Improvements 2021	-	1,100	-	(1,045)	-	55	
Total EL11 Projects			(14,214)	121,000	-	(308,803)	-	(202,017)	
EL21	PW51020	Slurry 2020	(237,656)	-	-	-	-	(237,656)	(a)
EL21	PW51021	Slurry 2021	(14,951)	156,000	-	(252,785)	-	(111,736)	(a)
Total EL21 Projects			(252,607)	156,000	-	(252,785)	-	(349,392)	
Interest Income			2,936	-	-	-	-	2,936	
Total Maintenance			(263,885)	277,000	-	(561,588)	-	(548,473)	
Total Local Street improvements			13,665	1,298,000	-	(1,940,824)	-	(629,159)	
Smart Growth:									
EL40	MG5488	El Cajon Transit Center Community Connection Improvements	(40,148)	44,168	-	(36,775)	-	(32,755)	(a)
EL41	MG5489	Main Street/Green Street Gateway	(78,776)	113,076	-	(108,656)	-	(74,356)	(a)
Total Smart Growth			(118,924)	157,244	-	(145,431)	-	(107,111)	
Total <i>TransNet</i> Extension			(105,259)	1,464,944	-	(2,095,955)	-	(736,270)	
GASB 31 Market Value Adjustment			258	-	(258)	-	-	-	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			\$ (105,001)	\$ 1,464,944	\$ (258)	\$ (2,095,955)	\$ -	\$ (736,270)	

Notes:

- (a) City will request funds during FY23.
- (b) Projects completed in Fiscal Year 2020-21. Remaining balances will be reprogrammed with Fiscal Year 2022-23 RTIP amendment in May 2023.
- (c) The City has elected not to use the EL06 funding as originally assigned; the balance will be reprogrammed once the City has identified an appropriate project to reassign funding.
- (d) Projects completed in Fiscal Year 2021-22. Remaining balances will be reprogrammed with Fiscal Year 2022-23 RTIP amendment in May 2023.

SCHEDULE B

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
EL06	N/A	Regional Arterial Management Systems	\$ 97,000	\$ -	\$ (97,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>97,000</u>	<u>-</u>	<u>(97,000)</u>	<u>-</u>
Congestion Relief:						
EL03	PW50020	Overlay 2020	<u>837,683</u>	<u>-</u>	<u>(1,036,664)</u>	<u>(198,981)</u>
EL06	PW3687	Traffic Signal System Upgrades 2020	77,000	-	(72,954)	4,046
EL06	PW3688	Jamacha Road Safety Improvements	87,699	-	(73,910)	13,789
EL06	PW3689	Madison Avenue Safety Improvements	89,000	-	(91,525)	(2,525)
EL06	PW3690	El Cajon Transit Center Improvements	28,514	-	-	28,514
EL06	PW3691	Main/Green Street Gateway Improvements	6,000	-	-	6,000
EL06	PW3720	Traffic Signal System Upgrades 2021	170,920	-	(162,817)	8,103
EL06	PW3744	Traffic Signal System Upgrades 2022	215,250	-	(199,645)	15,605
EL06	PW50020	Overlay 2020	<u>51</u>	<u>-</u>	<u>(13)</u>	<u>38</u>
		Total EL06 Projects	<u>674,434</u>	<u>-</u>	<u>(600,864)</u>	<u>73,570</u>
EL18	PW3658	Street Light LED Retrofit Program 2019	138,873	-	(156,335)	(17,462)
EL18	PW3685	Repair and Replacement of Street Light System	186,000	-	(185,088)	912
EL18	PW3688	Jamacha Road Safety Improvements	39,100	-	(73,910)	(34,810)
EL18	PW3689	Madison Avenue Safety Improvements	21,600	-	(60,867)	(39,267)
EL18	PW3718	Street Light LED Retrofit Program 2021	97,000	-	(135,750)	(38,750)
EL18	PW3743	Street Light LED Retrofit Program 2022	<u>107,300</u>	<u>-</u>	<u>(100,210)</u>	<u>7,090</u>
		Total EL18 Projects	<u>589,873</u>	<u>-</u>	<u>(712,160)</u>	<u>(122,287)</u>
EL29	PW3686	Traffic Safety Calming 2020	263,189	-	(105,906)	157,283
EL29	PW3719	Traffic Safety Calming 2021	<u>9,000</u>	<u>-</u>	<u>(6,120)</u>	<u>2,880</u>
		Total EL29 Projects	<u>272,189</u>	<u>-</u>	<u>(112,026)</u>	<u>160,163</u>
		Interest Income	<u>-</u>	<u>6,849</u>	<u>-</u>	<u>6,849</u>
		Total Congestion Relief	<u>\$ 2,374,179</u>	<u>\$ 6,849</u>	<u>\$ (2,461,714)</u>	<u>\$ (80,686)</u>

(Continued)

SCHEDULE B

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
Maintenance:						
EL11	PW3688	Jamacha Road Safety Improvements	\$ 38,335	\$ -	\$ (73,910)	\$ (35,575)
EL11	PW3689	Madison Avenue Safety Improvements	86,021	-	(91,170)	(5,149)
EL11	PW3690	El Cajon Transit Center Improvements	69,965	-	(69,924)	41
EL11	PW3691	Main/Green Street Gateway Improvements	17,500	-	(19,925)	(2,425)
EL11	PW52020	Concrete Grind 2020	100,000	-	(91,158)	8,842
EL11	PW52021	Concrete Grind 2021	107,000	-	(98,194)	8,806
EL11	PW52022	Concrete Sidewalk Slicing	16,100	-	(40,605)	(24,505)
EL11	PW53020	ADA Concrete Improvements 2020	153,500	-	(305,607)	(152,107)
EL11	PW53021	ADA Concrete Improvements 2021	1,100	-	(1,045)	55
Total EL11 Projects			<u>589,521</u>	<u>-</u>	<u>(791,538)</u>	<u>(202,017)</u>
EL21	PW51020	Slurry 2020	485,018	-	(722,674)	(237,656)
EL21	PW51021	Slurry 2021	165,000	-	(276,736)	(111,736)
Total EL21 Projects			<u>650,018</u>	<u>-</u>	<u>(999,410)</u>	<u>(349,392)</u>
Interest Income			<u>-</u>	<u>2,936</u>	<u>-</u>	<u>2,936</u>
Total Maintenance			<u>1,239,539</u>	<u>2,936</u>	<u>(1,790,948)</u>	<u>(548,473)</u>
Total Local Street Improvements			<u>3,710,718</u>	<u>9,785</u>	<u>(4,349,662)</u>	<u>(629,159)</u>
Smart Growth:						
EL40	MG5488	El Cajon Transit Center Community Connection Improvements	294,797	-	(327,552)	(32,755)
EL41	MG5489	Main Street/Green Street Gateway	271,405	-	(345,761)	(74,356)
Total Smart Growth			<u>566,202</u>	<u>-</u>	<u>(673,313)</u>	<u>(107,111)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>\$ 4,276,920</u>	<u>\$ 9,785</u>	<u>\$ (5,022,975)</u>	<u>\$ (736,270)</u>
Completed Projects:						
Congestion Relief			18,510,949	-	(18,510,949)	-
Maintenance			5,001,222	-	(5,001,222)	-
Smart Growth			537,626	-	(537,626)	-
Total Completed Projects			<u>24,049,797</u>	<u>-</u>	<u>(24,049,797)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 28,326,717</u>	<u>\$ 9,785</u>	<u>\$ (29,072,772)</u>	<u>\$ (736,270)</u>

CITY OF EL CAJON CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2022	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021
For Fiscal Year ended June 30, 2014	June 30, 2022	EL21	\$ 132,986	\$ 442	\$ (133,428)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2015	June 30, 2023	EL21	13,860	991	(14,851)	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2024	EL21	260,933	-	(260,933)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2025	EL21	50,449	-	(50,449)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2026	EL21	302,985	-	(4,614)	-	298,371	298,371	
For Fiscal Year ended June 30, 2019	June 30, 2027		298,912	-	-	-	298,912	298,912	
For Fiscal Year ended June 30, 2020	June 30, 2028		79,997	-	-	-	79,997	79,997	
For Fiscal Year ended June 30, 2021	June 30, 2029		44,648	-	-	-	44,648	-	
Interest Income			-	48,687	-	-	-	48,687	40,329
Total RTCIP Funds			\$ 1,184,770	\$ 50,120	\$ (464,275)	\$ -	\$ -	\$ 770,615	\$ 717,609

DRAFT

CITY OF ENCINITAS, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Encinitas, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. The city's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the city with respect to the *TransNet* Program Schedules A, B, and C for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report. As such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 listing 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 the 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 the check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$2,859,437. We selected \$1,443,354 (50.48%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures were not allocated to projects on the RTIP for the fiscal year ended June 30, 2022.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included within 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 reflected in the adjustments column which required a footnote.

- 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 projects which ended with a positive balance.

- 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, 2022.

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 with 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 the City did not have projects with no activity for the past two years on Schedule A.
- 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 there were no non-*TransNet* projects included within Schedule A.
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 Adjustments 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 project status 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 2022 apportionment	\$2,222,202
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,222,202
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>666,660</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(204,026)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(204,026)</u>
Fund balance under apportionment	<u>\$ 870,686</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(204,026)	\$(5,181,216)	\$(5,385,242)
Maintenance	<u>-</u>	<u>6,536,305</u>	<u>6,536,305</u>
Totals	<u>\$(204,026)</u>	<u>\$1,355,089</u>	<u>\$1,151,063</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 4.22% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$23,924,712	\$(5,671,204)	\$18,253,508
Maintenance	1,117,046	6,344,552	7,461,598
Interest	<u>49,111</u>	<u>681,741</u>	<u>730,852</u>
Total local street and road revenue	<u>\$25,090,869</u>	<u>\$1,355,089</u>	<u>\$26,445,958</u>
30% of total local street and road revenue			\$7,933,787
Less maintenance expenditures incurred to date			<u>(1,117,046)</u>
Available maintenance funds			<u>\$6,816,741</u>
Cumulative percentage expended for maintenance			<u>4.22%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.

- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$12,224,427
Less MOE base year requirement	<u>(2,279,988)</u>
Excess MOE for the year ended June 30, 2022	<u>\$9,944,502</u>

13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: This procedure is not applicable as exaction fees were expended within seven years of collection.

- v. 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 \$18,025. We selected \$7,135 (39.58%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 RTCIP expenditures for fiscal year ending June 30, 2022.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures were not allocated to RTCIP projects for the fiscal year ended June 30, 2022.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 31, 2022.

- xiv. 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.

- 14. 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.

- 15. 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.

- 16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
XXXX, 2023

DRAFT

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2020 through June 30, 2021.

“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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“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 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 ENCINITAS, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2021</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2022</u>	<u>Notes</u>
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	CS20A	FY 19/20 Annual Street Overlay	(41,037)	84,991	31	(45,252)	1,267	-	(a)
ENC14A	CS21A	FY 20/21 Annual Street Overlay	(206,180)	1,268,743	467	(1,062,563)	(467)	-	(a)
ENC14A	CS22A	FY 21/22 Annual Street Overlay	-	1,004,965	369	(1,051,322)	(800)	(46,788)	(b)
		Total ENC14A Projects	(247,217)	2,358,699	867	(2,159,137)	-	(46,788)	
ENC20	CS04D	No. Coast Hwy 101 Streetscape	(115,152)	650,575	239	(692,900)	-	(157,238)	(b)
		Total Congestion Relief	(362,369)	3,009,274	1,106	(2,852,037)	-	(204,026)	
		Total Local Street Improvements	(362,369)	3,009,274	1,106	(2,852,037)	-	(204,026)	
		Total <i>TransNet</i> Extension	\$ (362,369)	\$ 3,016,674	\$ 1,106	\$ (2,859,437)	\$ -	\$ (204,026)	

Notes:

(a) Project Complete.

(b) Funding will be requested in FY23 to remove the deficit.

SCHEDULE B

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

<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, 2022</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
ENC28	CS02G	Regional Arterial Management Systems	\$ 74,000	\$ -	\$ (74,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>74,000</u>	<u>-</u>	<u>(74,000)</u>	<u>-</u>
Congestion Relief:						
ENC14A	CS20A	FY 19/20 Annual Street Overlay	1,736,214	2,787	(1,739,001)	-
ENC14A	CS21A	FY 20/21 Annual Street Overlay	1,272,568	474	(1,273,042)	-
ENC14A	CS22A	FY 21/22 Annual Street Overlay	<u>1,004,165</u>	<u>369</u>	<u>(1,051,322)</u>	<u>(46,788)</u>
		Total ENC14A Projects	<u>4,012,947</u>	<u>3,630</u>	<u>(4,063,365)</u>	<u>(46,788)</u>
ENC20	CS04D	No. Coast Hwy 101 Streetscape	<u>6,525,647</u>	<u>25,198</u>	<u>(6,708,083)</u>	<u>(157,238)</u>
		Total Congestion Relief	<u>10,538,594</u>	<u>28,828</u>	<u>(10,771,448)</u>	<u>(204,026)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>10,612,594</u>	<u>28,828</u>	<u>(10,845,448)</u>	<u>(204,026)</u>
Completed Projects:						
		LSI - Congestion Relief	\$ 13,312,118	\$ 20,283	\$ (13,332,401)	\$ -
		LSI - Maintenance	1,117,046	-	(1,117,046)	-
		Environmental Mitigation Grant	<u>52,744</u>	<u>-</u>	<u>(52,744)</u>	<u>-</u>
		Total Completed Projects	<u>14,481,908</u>	<u>20,283</u>	<u>(14,502,191)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 25,094,502</u>	<u>\$ 49,111</u>	<u>\$ (25,347,639)</u>	<u>\$ (204,026)</u>

SCHEDULE C

CITY OF ENCINITAS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2022	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021
For Fiscal Year ended June 30, 2015	June 30, 2022	ENC46	\$ 207,323	\$ 891	\$ (208,214)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2016	June 30, 2023	ENC46	242,595	-	(242,595)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	ENC46	94,233	-	(94,233)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	ENC28/ENC46	125,062	-	(125,062)	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026	ENC28	151,651	-	(151,651)	-	-	-	
For Fiscal Year ended June 30, 2020	June 30, 2027	ENC28	157,055	-	(78,796)	-	78,259	96,284	
For Fiscal Year ended June 30, 2021	June 30, 2028		98,317	-	-	-	98,317	98,317	
For Fiscal Year ended June 30, 2022	June 30, 2029		89,720	-	-	-	89,720	-	
Interest Income			-	90,297	-	-	-	90,297	102,836
Total RTCIP Funds			\$ 1,165,956	\$ 91,188	\$ (900,551)	\$ -	\$ -	\$ 356,593	\$ 297,437

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CITY OF ESCONDIDO, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Escondido, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 \$6,199,488. We selected \$2,008,613 (32.40%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of total expenditures in FY22.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2022. The City allocates indirect costs to capital projects by using the employee's direct cost charged to a project and multiplying it by an allocation percentage of 160% that was determined by a consultant. The City allocated a total of \$892,691 of indirect costs in the RTIP, resulting in 14.40% of indirect costs compared to total TransNet expenditures. The City's indirect cost plan was last updated in June 2020. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA. 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, 2023.

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: There is one project that has been inactive over the past two years. The City indicated that they are currently working with a developer with an active entitlement application for project ESC24. These improvements may be completed by the developer. If not, the City will complete these improvements by December 2024. The status of the project has been added to Schedule A.

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

Results: SANDAG approved the reason for the inactivity on January 9, 2023.

- 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: 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 Adjustments 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 project status 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 2022 apportionment	\$5,030,749
Less: debt service payment	_____
Net estimated apportionment	5,030,749
30% base	_____ 30%
Fiscal year 2022 30% threshold	_____ 1,509,225
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(668,058)
Maintenance fund balance	_____ (991,828)
Total Local Streets and Roads and Local Street Improvement fund balance	_____ (1,659,886)
Fund balance under apportionment	_____ \$3,169,111

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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (668,058)	\$11,879,617	\$11,211,559
Maintenance	<u>(991,828)</u>	<u>1,406,110</u>	<u>414,282</u>
Totals	<u>\$(1,659,886)</u>	<u>\$13,285,727</u>	<u>\$11,625,841</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 28.14% of cumulative local street and road revenue for maintenance as indicated on the following page:

	City	SANDAG	Total
Congestion relief	\$29,064,097	\$10,727,930	\$39,792,027
Maintenance	15,208,711	904,848	16,113,559
Interest	<u>41,082</u>	<u>1,652,949</u>	<u>1,694,031</u>
Total local street and road revenue	<u>\$44,313,890</u>	<u>\$13,285,727</u>	<u>\$57,599,617</u>
30% of total local street and road revenue			\$17,279,885
Less maintenance expenditures incurred to date			<u>(16,211,348)</u>
Available maintenance funds			<u>\$ 1,068,537</u>
Cumulative percentage expended for maintenance			<u>28.14%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
 - 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$7,520,604
Less MOE base year requirement	<u>(3,352,190)</u>
Excess MOE for the year ended June 30, 2022	<u>\$4,168,414</u>

- 13. 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 (including commitments), and cumulative ending balance.

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

Results: The City did not collect the correct exaction fee for 17 permits issued. See Findings and Recommendation section of the 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: No exceptions were noted as a result of our procedures.
- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.
- v. 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 incur any non-payroll RTCIP expenditures for the fiscal year ending June 30, 2022.
- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 RTCIP expenditures for fiscal year ending June 30, 2022.
- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.
- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 25, 2022.

- xiv. 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.

14. 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.

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

Results: The City had one prior year finding relating to not using the approved exaction fee. As of June 30, 2022, the City collected all of the \$13,227.13 of uncollected fees and the finding is resolved.

16. 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.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
_____, 2023

CITY OF ESCONDIDO

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

Finding and Recommendation

Year Ended June 30, 2022

(1) Need to Use Approved Exaction Fee

Per review of the City’s exaction fee collections for the year ended June 30, 2022, the City did not consistently collect the required exaction fee amount of \$2,635.50. For 17 permits issued, the exaction fee collected was based upon the FY21 exaction fee amount of \$2,583.82. This resulted in an under-collection of the exaction fee in the amount of \$878.56 as follows:

<u>Customer</u>	<u>Amount Charged</u>	<u>Amount Required</u>	<u>Variance</u>
Lennar Homes of Cal Inc.	\$33,589.66	\$34,261.50	\$671.84
Galey Homes Inc.	<u>10,335.28</u>	<u>10,542.00</u>	<u>206.72</u>
Totals	<u>\$43,924.94</u>	<u>\$44,803.50</u>	<u>\$878.56</u>

SANDAG Board recommendations as of February 10, 2021 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 \$2,583.82 to \$2,635.50 beginning July 1, 2021.”

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...”

CITY OF ESCONDIDO

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

Finding and Recommendation

Year Ended June 30, 2022

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

Recommendation

We recommend that the City recover the under-collection of exaction fees in the amount of \$878.56. Additionally, we recommend that the City update and collect the proper exaction on a yearly basis to be in compliance with the RTCIP fees.

Management Response

The City was able to recover all under-collected exaction fees. In June 2022, the City recovered \$671.84 and accrued the remaining \$206.72, for which payment was received in July 2022. The City will update and collect the proper exaction on a yearly basis to be in compliance with the RTCIP fees.

DRAFT

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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 ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status June 30, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ESC02A	691705	East Valley/Valley Center Road	\$ 12,771	\$ -	\$ -	\$ -	\$ -	\$ 12,771	
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	(35,372)	629,000	-	(635,729)	-	(42,101)	(a)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	7,746	-	-	-	-	7,746	
ESC08	690309	Felicita Ave/Juniper Street	(22,083)	120,000	-	(78,747)	-	19,170	
ESC24	690029	Centre City/Highway 78 to Mission Ave	5,580	-	-	-	-	5,580	(b)
ESC48	699902	Grand Ave Streetscape Improvements	16,118	638,400	-	(699,339)	-	(44,821)	(a)
ESC49	699901	Quince/Tulip Pedestrian Signal	(11,745)	70,000	-	(34,561)	-	23,694	
ESC51	698201	Comprehensive Active Transp. Strategy	-	-	-	(13,987)	-	(13,987)	(a)
Subtotal Congestion Relief			<u>(26,985)</u>	<u>1,457,400</u>	<u>-</u>	<u>(1,462,363)</u>	<u>-</u>	<u>(31,948)</u>	
ESC38	694801	Pavement Rehabilitation FY 18	115,502	-	-	(88,622)	-	26,880	
ESC38	694901	Pavement Rehabilitation FY 19	7,071	-	-	-	-	7,071	
ESC38	694102	Pavement Rehabilitation FY 21	64,839	255,000	-	(1,102,645)	-	(782,806)	(a)
ESC38	694103	Pavement Rehabilitation FY 22	-	95,000	-	(17,077)	-	77,923	
Total ESC38 Project			<u>187,412</u>	<u>350,000</u>	<u>-</u>	<u>(1,208,344)</u>	<u>-</u>	<u>(670,932)</u>	
ESC39	691901	Traffic Signals FY 19	18,659	-	-	(2,384)	-	16,275	
ESC39	691001	Traffic Signals FY 20	(7,920)	65,000	-	(42,754)	-	14,326	
Total ESC39 Project			<u>10,739</u>	<u>65,000</u>	<u>-</u>	<u>(45,138)</u>	<u>-</u>	<u>30,601</u>	
Interest Income			<u>3,632</u>	<u>-</u>	<u>589</u>	<u>-</u>	<u>-</u>	<u>4,221</u>	
Total Congestion Relief			<u>174,798</u>	<u>1,872,400</u>	<u>589</u>	<u>(2,715,845)</u>	<u>-</u>	<u>(668,058)</u>	

CITY OF ESCONDIDO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status June 30, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
Maintenance:									
ESC37	697901	Pavement Maintenance FY 19	\$ 74,942	\$ -	\$ -	\$ (70,168)	\$ -	\$ 4,774	
ESC37	687001	Pavement Maintenance FY 20	351,657	100,000	-	(474,219)	-	(22,562)	(a)
ESC37	687101	Pavement Maintenance FY 21	198,012	200,000	-	(884,846)	-	(486,834)	(a)
ESC37	687201	Pavement Maintenance FY 22	-	610,000	-	(1,099,014)	-	(489,014)	(a)
Total ESC37 Project			<u>624,611</u>	<u>910,000</u>	<u>-</u>	<u>(2,528,247)</u>	<u>-</u>	<u>(993,636)</u>	
Interest Income			<u>1,556</u>	<u>-</u>	<u>252</u>	<u>-</u>	<u>-</u>	<u>1,808</u>	
Total Maintenance			<u>626,167</u>	<u>910,000</u>	<u>252</u>	<u>(2,528,247)</u>	<u>-</u>	<u>(991,828)</u>	
Total Local Street Improvements			<u>800,965</u>	<u>2,782,400</u>	<u>841</u>	<u>(5,244,092)</u>	<u>-</u>	<u>(1,659,886)</u>	
Smart Growth:									
ESC44	699601	Transit Center Active Transportation Connectio	(6,611)	-	-	(279)	-	(6,890)	(c)
ESC48	699902	Grand Ave Streetscape Improvements	(84,090)	748,311	-	(955,117)	-	(290,896)	(c)
Total Smart Growth			<u>(90,701)</u>	<u>748,311</u>	<u>-</u>	<u>(955,396)</u>	<u>-</u>	<u>(297,786)</u>	
Total <i>TransNet</i> Extension			<u>710,264</u>	<u>3,530,711</u>	<u>841</u>	<u>(6,199,488)</u>	<u>-</u>	<u>(1,957,672)</u>	
GASB 31 market value adjustment			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			<u>\$ 710,264</u>	<u>\$ 3,530,711</u>	<u>\$ 841</u>	<u>\$ (6,199,488)</u>	<u>\$ -</u>	<u>\$ (1,957,672)</u>	

Notes:

- (a) More project expenditures incurred in June 2022 than anticipated, drawdowns were requested in FY 2023 for ESC04, ESC51, ESC48, ESC38, ESC37
- (b) ESC24-The City is currently working with a developer with an active entitlement application. These improvements may be completed by the developer. If not, the City will complete these improvements. Estimated Completion Date: December 2024
- (c) Grant Projects are on a reimbursement basis and 10% retention is held by SANDAG.

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
ESC02A	691705	East Valley/Valley Center Road	\$ 5,160,417	\$ 8,686	\$ (5,156,332)	\$ 12,771
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	2,769,637	321	(2,812,059)	(42,101)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	2,698,084	-	(2,690,338)	7,746
ESC08	690309	Felicita Ave/Juniper Street	162,000	-	(142,830)	19,170
ESC24	690029	Centre City/Highway 78 to Mission Ave	110,000	-	(104,420)	5,580
ESC47	699901	Quince/Tulip Pedestrian Signal	75,000	-	(51,306)	23,694
ESC48	699902	Grand Ave Streetscape Improvements	837,900	-	(882,721)	(44,821)
ESC51	698201	Comprehensive Active Transp. Strategy	-	-	(13,987)	(13,987)
		Subtotal Congestion Relief	<u>11,813,038</u>	<u>9,007</u>	<u>(11,853,993)</u>	<u>(31,948)</u>
ESC38	694801	Pavement Rehabilitation FY 18	2,709,453	-	(2,682,573)	26,880
ESC38	694901	Pavement Rehabilitation FY 19	684,873	-	(677,802)	7,071
ESC38	694102	Pavement Rehabilitation FY 21	395,094	-	(1,177,900)	(782,806)
ESC38	694103	Pavement Rehabilitation FY 22	95,000	-	(17,077)	77,923
		Total ESC38 Project	<u>3,884,420</u>	<u>-</u>	<u>(4,555,352)</u>	<u>(670,932)</u>
ESC39	691901	Traffic Signals FY 19	120,000	-	(103,725)	16,275
ESC39	691001	Traffic Signals FY 20	65,000	-	(50,674)	14,326
		Total ESC39 Project	<u>185,000</u>	<u>-</u>	<u>(154,399)</u>	<u>30,601</u>
		Interest Income	<u>-</u>	<u>4,221</u>	<u>-</u>	<u>4,221</u>
		Total Congestion Relief	<u>15,882,458</u>	<u>13,228</u>	<u>(16,563,744)</u>	<u>(668,058)</u>

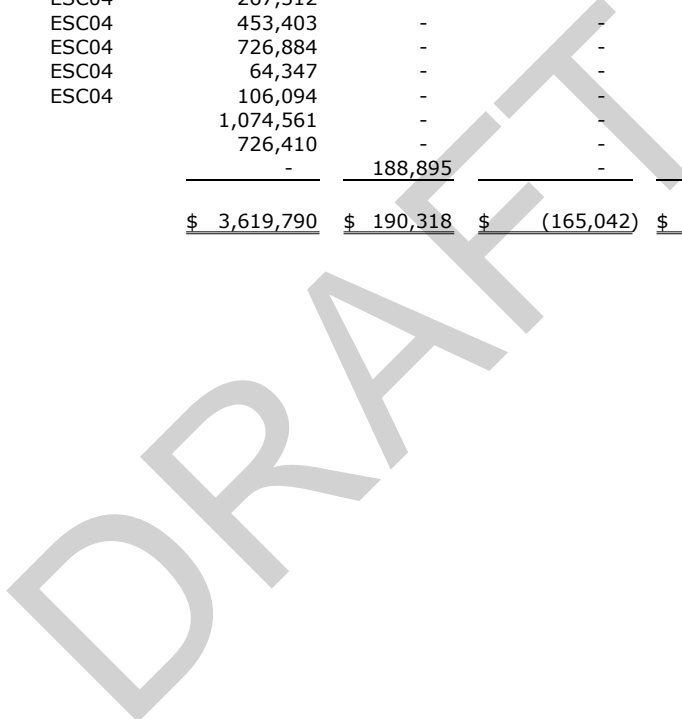
(continued)

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
Maintenance:						
ESC37	697901	Pavement Maintenance FY19	\$ 1,676,757	\$ -	\$ (1,671,983)	\$ 4,774
ESC37	687001	Pavement Maintenance FY20	1,053,243	2,121	(1,077,926)	(22,562)
ESC37	687101	Pavement Maintenance FY21	555,000	-	(1,041,834)	(486,834)
ESC37	687201	Pavement Maintenance FY22	610,000	-	(1,099,014)	(489,014)
Total ESC37 Project			<u>3,895,000</u>	<u>2,121</u>	<u>(4,890,757)</u>	<u>(993,636)</u>
Interest Income			-	<u>1,808</u>	-	<u>1,808</u>
Total Maintenance			<u>3,895,000</u>	<u>3,929</u>	<u>(4,890,757)</u>	<u>(991,828)</u>
Total Local Street Improvements			<u>19,777,458</u>	<u>17,157</u>	<u>(21,454,501)</u>	<u>(1,659,886)</u>
Smart Growth:						
ESC44	699601	Transit Center Active Transportation Connections	1,165,172	-	(1,172,062)	(6,890)
ESC48	699902	Grand Ave Streetscape Improvements	914,674	-	(1,205,570)	(290,896)
Total Smart Growth			<u>2,079,846</u>	<u>-</u>	<u>(2,377,632)</u>	<u>(297,786)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>21,857,304</u>	<u>17,157</u>	<u>(23,832,133)</u>	<u>(1,957,672)</u>
Completed Projects:						
Congestion Relief			12,837,553	12,566	(12,850,119)	-
Congestion Relief Pass-Through			344,086	-	(344,086)	-
Maintenance			11,313,711	6,880	(11,320,591)	-
Bikes and Pedestrian			2,253,049	4,479	(2,257,528)	-
Total Completed Projects			<u>26,748,399</u>	<u>23,925</u>	<u>(26,772,324)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 48,605,703</u>	<u>\$ 41,082</u>	<u>\$ (50,604,457)</u>	<u>\$ (1,957,672)</u>

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2022

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2022	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021
For Fiscal Year ended June 30, 2015	June 30, 2022	ESC04	\$ 200,779	\$ 1,423	\$ (165,042)	\$ -	\$ -	\$ 37,160	\$ 39,445
For Fiscal Year ended June 30, 2016	June 30, 2023	ESC04	267,312	-	-	-	-	267,312	267,312
For Fiscal Year ended June 30, 2017	June 30, 2024	ESC04	453,403	-	-	-	-	453,403	453,403
For Fiscal Year ended June 30, 2018	June 30, 2025	ESC04	726,884	-	-	-	-	726,884	726,884
For Fiscal Year ended June 30, 2019	June 30, 2026	ESC04	64,347	-	-	-	-	64,347	64,347
For Fiscal Year ended June 30, 2020	June 30, 2027	ESC04	106,094	-	-	-	-	106,094	106,094
For Fiscal Year ended June 30, 2021	June 30, 2028		1,074,561	-	-	-	-	1,074,561	1,074,561
For Fiscal Year ended June 30, 2022	June 30, 2029		726,410	-	-	-	-	726,410	-
Interest Income			-	188,895	-	-	-	188,895	161,883
Total RTCIP Funds			\$ 3,619,790	\$ 190,318	\$ (165,042)	\$ -	\$ -	\$ 3,645,066	\$ 2,893,929



CITY OF IMPERIAL BEACH, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Imperial Beach, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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: The City does not maintain a separate fund for *TransNet*. As a result, the City has to manually calculate interest income between *TransNet* and RTCIP funds. 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 less debt service in the amount of \$356,085. We selected \$123,794 (34.77%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP during FY22.

- 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, 2023.

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 with 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 with 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 agency does not report non-*TransNet* activity within their Schedule A.

- 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 Adjustments 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 project status 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 2022 apportionment	\$ 959,998
Less: debt service payment	<u>(304,935)</u>
Net estimated apportionment	655,063
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>196,519</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(19,806)
Maintenance fund balance	<u>102</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(19,704)</u>
Fund balance under apportionment	<u>\$ 216,223</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$ (19,806)	\$ 181,240	\$ 161,434
Maintenance	<u>102</u>	<u>185,411</u>	<u>185,513</u>
Totals	<u>\$ (19,704)</u>	<u>\$ 366,651</u>	<u>\$ 346,947</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 23.40% of cumulative local street and road revenue for maintenance as indicated as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$ 8,879,704	\$ 140,506	\$ 9,020,210
Maintenance	2,835,402	169,306	3,004,708
Interest	<u>40,154</u>	<u>56,839</u>	<u>96,993</u>
 Total local street and road revenue	 <u>\$11,755,260</u>	 <u>\$ 366,651</u>	 <u>\$12,121,911</u>
 30% of total local street and road revenue			 \$ 3,636,573
Less maintenance expenditures incurred to date			<u>(2,837,104)</u>
 Available maintenance funds			 <u>\$ 799,469</u>
 Cumulative percentage expended for maintenance			 <u>23.40%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2022</u>	<u>Interest</u>	<u>Total</u>
Commercial Paper Debt Services	\$1,095,290	\$ -	\$296,928	\$798,362	\$8,007	\$304,935

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:

- i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$660,658
Less MOE base year requirement	<u>(233,219)</u>
Excess MOE for the year ended June 30, 2022	<u>\$427,439</u>

13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 RCTIP expenditures in the amount of \$55,097. We selected \$47,030 (85.36%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 RTCIP expenditures for fiscal year ending June 30, 2022.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 17, 2022.

- xiv. 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.

- 14. 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.

15. 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.

16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California

_____, 2023

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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 IMPERIAL BEACH, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
IB12	S18101/S20102/S20108/ S21101/S22101	Major Street Improvements	\$ (248,173)	\$ 289,260	\$ -	\$ (44,942)	\$ -	\$ (3,855)	(a)
IB18	S19105	Imperial Beach Blvd. Safe Routes to School	(9)	-	-	-	9	-	(b)(c)
IB21	S20112	SR-75 Signal Interconnection Project	-	-	-	(15,951)	-	(15,951)	(a)
		Commercial Paper Debt Service	-	304,935	-	(304,935)	-	-	
		Total Congestion Relief	(248,182)	594,195	-	(365,828)	9	(19,806)	
Maintenance:									
IB02	N/A	Street Maintenance - Operations	24,748	205,352	102	(230,100)	-	102	
IB02	S20107	Residential City Wide Street Lighting Infill	-	-	-	-	-	-	(c)
		Total IB02 Projects	24,748	205,352	102	(230,100)	-	102	
		Total Maintenance	24,748	205,352	102	(230,100)	-	102	
		Total Local Street Improvements	(223,434)	799,547	102	(595,928)	9	(19,704)	
Active Transport Grants									
IB22	S22101	9th St. Active Transportation Corridor	-	-	-	(65,092)	-	(65,092)	(a)
		Total Active Transport Grants	-	-	-	(65,092)	-	(65,092)	
		Total TransNet Extension	(223,434)	799,547	102	(661,020)	9	(84,796)	
		GASB 31 Market Value Adjustment	2,722	-	-	-	-	2,722	
		Total TransNet Extension after GASB 31 Adjustment	\$ (220,712)	\$ 799,547	\$ 102	\$ (661,020)	\$ 9	\$ (82,074)	

Notes:

- (a) The City will request drawdown in FY23 to address the deficit.
- (b) Adjustment to true-up Imperial Beach Blvd Project expenditures to match revenue received.
- (c) Project complete.

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
IB12	S18101/S20102/S20108/S21101/S22101	Major Street Improvements	\$ 6,749,463	\$ 38,350	\$ (6,791,668)	\$ (3,855)
IB18	S19105	Imperial Beach Blvd. Safe Routes to School	1,300,009	-	(1,300,009)	-
IB21	S20112	SR-75 Signal Interconnection Project	155,000	-	(170,951)	(15,951)
		Commercial Paper Debt Services	675,232	-	(675,232)	-
		Total Congestion Relief	8,879,704	38,350	(8,937,860)	(19,806)
Maintenance:						
IB02	N/A	Street Maintenance - Operations	2,818,025	1,804	(2,819,727)	102
IB02	S20107	Residential City Wide Street Lighting Infill	17,377	-	(17,377)	-
		Total IB02 Projects	2,835,402	1,804	(2,837,104)	102
		Total Maintenance	2,835,402	1,804	(2,837,104)	102
		Total Local Street Improvements	11,715,106	40,154	(11,774,964)	(19,704)
Active Transport Grants:						
IB22	S22101	9th St. Active Transportation Corridor	-	-	(65,092)	(65,092)
		Total Active Transport Grants	-	-	(65,092)	(65,092)
Completed Projects:						
		Smart Growth Grant	795,281	-	(795,281)	-
		Bicycles and Pedestrian	1,800,000	-	(1,800,000)	-
		Active Transport Grants	50,000	-	(50,000)	-
		Total Completed Projects	2,645,281	-	(2,645,281)	-
		Total Cumulative TransNet Extension	\$ 14,360,387	\$ 40,154	\$ (14,485,337)	\$ (84,796)

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2022	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021	
For Fiscal Year ended June 30, 2015	June 30, 2022	IB11	\$ 42,832	\$ 645	\$ (43,477)	\$ -	\$ -	\$ -	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	IB11	48,510	386	(48,896)	-	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	IB11	197,988	-	(197,988)	-	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	IB11	352,277	-	(288,159)	-	-	64,118	119,215	
For Fiscal Year ended June 30, 2019	June 30, 2026	IB11	38,178	-	-	-	-	38,178	38,178	
For Fiscal Year ended June 30, 2020	June 30, 2027	IB11	61,329	-	-	-	-	61,329	61,329	
For Fiscal Year ended June 30, 2021	June 30, 2028		25,838	-	-	-	-	25,838	25,838	
For Fiscal Year ended June 30, 2022	June 30, 2029		31,626	-	-	-	-	31,626	-	
Interest Income			-	12,915	-	-	-	12,915	10,905	
Total RTCIP Funds			798,578	13,946	(578,520)	-	-	234,004	255,465	
GASB 31 Market Value Adjustment			-	(4,796)	-	-	-	(4,796)	-	
Total RTCIP Funds			\$ 798,578	\$ 9,150	\$ (578,520)	\$ -	\$ -	\$ 229,208	\$ 255,465	

CITY OF LA MESA, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of La Mesa, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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: This procedure is not applicable as the City did not have 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: 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 less debt service in the amount of \$1,272,974. We selected \$617,291 (48.49%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures identified during FY22.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to 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, 2023.

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: There was one project, LAM17, that had been inactive over the past two years. The City and SANDAG agreed to reprogram the excess funding rather than have the City return the funding to SANDAG. The City obtained the reprogramming procedures from SANDAG.

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

Results: The City of La Mesa reached out to SANDAG for procedures on how to reprogram the money. SANDAG provided instructions to the City on February 16, 2023.

- 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 Adjustments 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 project status 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 2022 apportionment	\$2,085,625
Less: debt service payment	<u>(507,143)</u>
Net estimated apportionment	1,578,482
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>473,545</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(545,953)
Maintenance fund balance	<u>(309,566)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(855,519)</u>
Fund balance under apportionment	<u>\$1,329,064</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are reported as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(545,953)	\$ 151,261	\$(394,692)
Maintenance	<u>(309,566)</u>	<u>2,870,883</u>	<u>2,561,317</u>
Totals	<u>\$(855,519)</u>	<u>\$3,022,144</u>	<u>\$2,166,625</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 16.70% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$21,299,516	\$(126,204)	\$21,173,312
Maintenance	4,505,615	2,751,381	7,256,996
Interest	<u>700</u>	<u>396,967</u>	<u>397,667</u>
Total local street and road revenue	<u>\$25,805,831</u>	<u>\$3,022,144</u>	<u>\$28,827,975</u>
30% of total local street and road revenue			\$8,648,393
Less maintenance expenditures incurred to date			<u>(4,815,373)</u>
Available maintenance funds			<u>\$3,833,020</u>
Cumulative percentage expended for maintenance			<u>16.70%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance June 30, 2022</u>	<u>Interest Expense</u>
Commercial Paper	<u>\$999,992</u>	<u>\$-</u>	<u>\$(500,004)</u>	<u>\$499,988</u>	<u>\$7,139</u>

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;

- iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$11,875,233
Less MOE base year requirement	<u>(2,023,372)</u>
Excess MOE for the year ended June 30, 2022	<u>\$ 9,851,861</u>

- 13. 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 (including commitments), 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 Recommendation section of the 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 \$535,824. We selected \$238,907 (44.59%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 RTCIP expenditures for fiscal year ending June 30, 2022.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures identified during FY22.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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, 2022.

- xiv. 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.

- 14. 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.

- 15. 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.

16. 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 Findings and Recommendations section of this report.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California

_____, 2023

DRAFT

CITY OF LA MESA, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2022

(1) Need to Use Approved Exaction Fee

Per review of the City’s exaction fee collections for the year ended June 30, 2022, the City did not consistently collect the required exaction fee amount of \$2,635.50. There were four permits issued where the exaction fees collected were based on FY18, FY19 and FY20 in the amounts of \$2,404.14, \$2,483.48, and \$2,533.15, respectively. This resulted in an under-collection of the exaction fees in the amount of \$1,956.26 as follows:

<u>Fee #</u>	<u>Record #</u>	<u>Units</u>	<u>Amount Required</u>	<u>Amount Charged</u>	<u>Variance</u>
17196400	B21-194	1	2,635.50	2,533.15	102.35
17194645	B20-360	1	2,635.50	2,533.15	102.35
17198839	B20-031	1	2,635.50	2,404.14	231.36
17194253	B19-209	<u>10</u>	<u>26,355.00</u>	<u>24,834.80</u>	<u>1,520.20</u>
	Totals	<u>13</u>	<u>\$34,261.50</u>	<u>\$32,305.24</u>	<u>\$1,956.26</u>

SANDAG Board recommendations as of February 10, 2021 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 \$2,583.82 to \$2,635.50 beginning July 1, 2021.”

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 recover the under-collection of exaction fees in the amount of \$1,956.26. Additionally, we recommend that the City update and collect the proper exaction on a yearly basis to be in compliance with the RTCIP fees.

CITY OF LA MESA, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2022

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

Management Response

The City currently implemented a new permitting system. After further review of audit documentation, it was found that the new permitting software was extracting old RTCIP exaction fees that were uploaded when transferring data from the old permitting system to the new one. Prior to this discovery, four permits were processed using the new software and charging incorrect RTCIP exaction fees. This was immediately corrected and an audit of the new permit system was done to look for additional errors. None were found. The new permitting system has been updated. A reminder has been set within the system to verify RTCIP exaction fees going forward. City staff is aware of this issue and has put procedures in place to ensure updated RTCIP exaction fees are updated as needed per SANDAG updates. The Finance Department will be working with Community Development to collect fees as they close out the permits.

DRAFT

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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 LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
LAM46	n/a	Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
Total Congestion Relief - Pass-Through			-	7,400	-	(7,400)	-	-	
Congestion Relief:									
LAM17	302120TR	Street Reconstruction 12	2,928	-	-	-	-	2,928	(a)
LAM34	302202TR	Street Lights/ OH Utilities 20	-	-	-	(4,510)	-	(4,510)	(b)
LAM34	302212TR	Street Lights/ OH Utilities 21	-	-	-	(42,188)	-	(42,188)	(b)
LAM34	302222TR	Street Lights/ OH Utilities 22	-	-	-	(16,678)	-	(16,678)	(b)
Total LAM34 Projects			-	-	-	(63,376)	-	(63,376)	
LAM37	302203TR	Traffic Signal Upgrades 20	(29,220)	29,220	-	-	-	-	(c)
LAM37	302213TR	Traffic Signal Upgrades 21	(65,004)	65,004	-	(34,991)	-	(34,991)	(b)
LAM37	302223TR	Traffic Signal Upgrades 22	-	-	-	(50,865)	-	(50,865)	(b)
Total LAM37 Projects			(94,224)	94,224	-	(85,856)	-	(85,856)	
LAM39	302204TR	Traffic Calming Program 20	(19,212)	19,212	-	(499)	-	(499)	(b)
LAM40	302205TR	Street Construction 20	(188,116)	188,116	-	(13,582)	-	(13,582)	(b)
LAM40	302215TR	Street Construction 21	-	-	-	(43,066)	-	(43,066)	(b)
LAM40	302225TR	Street Construction 22	-	-	-	(160,339)	-	(160,339)	(b)
Total LAM40 Projects			(188,116)	188,116	-	(216,987)	-	(216,987)	
LAM44	304190TR	Roadway Drainage Improvements 19	15	-	-	-	(15)	-	(b)
LAM44	304210TR	Roadway Drainage Improvements 21	(75,686)	75,686	-	(182,686)	15	(182,671)	(b)
Total LAM44 Projects			(75,671)	75,686	-	(182,686)	-	(182,671)	
Commercial Paper Debt Service			-	507,143	-	(507,143)	-	-	
Interest Income			508	-	-	-	-	508	
Total Congestion Relief			\$ (373,787)	\$ 884,381	\$ -	\$ (1,056,547)	\$ -	\$ (545,953)	

(Continued)

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
Maintenance:									
LAM31	General Fund	Street Maintenance	\$ (300,000)	\$ 150,000	\$ -	\$ -	\$ -	\$ (150,000)	(b)
LAM33	302211TR	Curb, Gutter, Sidewalk 21	-	-	-	(126,445)	-	(126,445)	(b)
LAM33	302222TR	Curb, Gutter, Sidewalk 22	-	-	-	(33,313)	-	(33,313)	(b)
		Total LAM33 Projects	-	-	-	(159,758)	-	(159,758)	
		Interest Income	192	-	-	-	-	192	
		Total Maintenance	(299,808)	150,000	-	(159,758)	-	(309,566)	
		Total Local Street Improvements	(673,595)	1,041,781	-	(1,223,705)	-	(855,519)	
Senior Mini-Grants:									
LAM27	212001	La Mesa Rides4Neighbors	(26,255)	67,955	-	(87,777)	-	(46,077)	(d)
		Total Senior Mini-Grants	(26,255)	67,955	-	(87,777)	-	(46,077)	
Smart Growth Grant									
LAM47	302168OT	North Spring Street	(58,598)	97,659	-	(406,546)	-	(367,485)	(d)
LAM49	30220EOT	Complete Streets Design Manual	(9,248)	55,880	-	(62,089)	-	(15,457)	(d)
		Total Smart Growth Grant	(67,846)	153,539	-	(468,635)	-	(382,942)	
		Total <i>TransNet</i> Extension	\$ (767,696)	\$ 1,263,275	\$ -	\$ (1,780,117)	\$ -	\$ (1,284,538)	

Notes:

- (a) This is a closed project. Per conversation with SANDAG, the City will be reprogramming the funds in FY23.
- (b) Funding has been programmed in FY22 and will be drawdown in FY23.
- (c) Project was completed during FY22.
- (d) This is a reimbursable funding source and expenditures are expected to be in excess of funding while the project is active.

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
 TransNet and TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
LAM46	n/a	Regional Arterial Management Systems	\$ 74,000	\$ -	\$ (74,000)	\$ -
Total Congestion Relief - Pass-Through			<u>74,000</u>	<u>-</u>	<u>(74,000)</u>	<u>-</u>
Congestion Relief:						
LAM17	302120TR	Street Reconstruction 12	253,601	-	(250,673)	2,928
LAM34	302202TR	Street Lights/ OH Utilities 20	-	-	(4,510)	(4,510)
LAM34	302212TR	Street Lights/ OH Utilities 21	3,602	-	(45,790)	(42,188)
LAM34	302222TR	Street Lights/ OH Utilities 22	-	-	(16,678)	(16,678)
Total LAM34 Projects			<u>3,602</u>	<u>-</u>	<u>(66,978)</u>	<u>(63,376)</u>
LAM37	302203TR	Traffic Signal Upgrades 20	100,001	-	(100,001)	-
LAM37	302213TR	Traffic Signal Upgrades 21	65,004	-	(99,995)	(34,991)
LAM37	302223TR	Traffic Signal Upgrades 22	-	-	(50,865)	(50,865)
Total LAM 37 Projects			<u>165,005</u>	<u>-</u>	<u>(250,861)</u>	<u>(85,856)</u>
LAM39	302204TR	Traffic Calming Program 20	73,047	-	(73,546)	(499)
LAM40	302205TR	Street Construction 20	217,873	-	(231,455)	(13,582)
LAM40	302215TR	Street Construction 21	915	-	(43,981)	(43,066)
LAM40	302225TR	Street Construction 22	-	-	(160,339)	(160,339)
Total LAM40 Projects			<u>218,788</u>	<u>-</u>	<u>(435,775)</u>	<u>(216,987)</u>
LAM44	304190TR	Roadway Drainage Improvements 19	386	-	(386)	-
LAM44	304210TR	Roadway Drainage Improvements 21	75,701	-	(258,372)	(182,671)
Total LAM44 Projects			<u>76,087</u>	<u>-</u>	<u>(258,758)</u>	<u>(182,671)</u>
Commercial Paper Debt Service			<u>1,542,164</u>	<u>-</u>	<u>(1,542,164)</u>	<u>-</u>
Interest Income			<u>-</u>	<u>508</u>	<u>-</u>	<u>508</u>
Total Congestion Relief			<u>2,332,294</u>	<u>508</u>	<u>(2,878,755)</u>	<u>(545,953)</u>

(Continued)

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
 TransNet and TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
Maintenance:						
LAM31	General Fund	Street Maintenance	\$ 1,508,281	\$ -	\$ (1,658,281)	\$ (150,000)
LAM33	302211TR	Curb, Gutter, Sidewalk 21	-	-	(126,445)	(126,445)
LAM33	302222TR	Curb, Gutter, Sidewalk 22	-	-	(33,313)	(33,313)
		Total LAM44 Projects	-	-	(159,758)	(159,758)
		Interest Income	-	192	-	192
		Total Maintenance	1,508,281	192	(1,818,039)	(309,566)
		Total Local Street Improvements	\$ 3,914,575	\$ 700	\$ (4,770,794)	\$ (855,519)
Senior Mini-Grants:						
LAM27	212001	La Mesa Rides4Neighbors	\$ 1,418,122	\$ -	\$ (1,464,199)	\$ (46,077)
		Total Senior Mini-Grants	1,418,122	-	(1,464,199)	(46,077)
Smart Growth Grant						
LAM47	302168OT	North Spring Street	625,029	-	(992,514)	(367,485)
LAM49	30220EOT	Complete Streets Design Manual	139,114	-	(154,571)	(15,457)
		Total Smart Growth	764,143	-	(1,147,085)	(382,942)
		Subtotal Cumulative <i>TransNet</i> Extension	\$ 6,096,840	\$ 700	\$ (7,382,078)	\$ (1,284,538)
Completed Projects:						
		Local Street Improvements				
		Congestion Relief	\$ 18,967,375	\$ -	\$ (18,967,375)	\$ -
		Maintenance	2,997,334	-	(2,997,334)	-
		Smart Growth	2,000,000	-	(2,000,000)	-
		Bikes and Pedestrians	449,000	-	(449,000)	-
		Total Completed Projects	24,413,709	-	(24,413,709)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 30,510,549	\$ 700	\$ (31,795,787)	\$ (1,284,538)

SCHEDULE C

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPOID	Cumulative				Cumulative Status		
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2022	June 30, 2022	June 30, 2021
For Fiscal Year ended June 30, 2015	June 30, 2022		\$ 675,754	\$ -	\$ (675,754)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2016	June 30, 2023		52,962	-	(52,962)	-	-	-	-
For Fiscal Year ended June 30, 2017	June 30, 2024		43,984	-	(43,984)	-	-	-	-
For Fiscal Year ended June 30, 2018	June 30, 2025		382,078	-	(382,078)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026		519,185	-	(519,185)	-	-	-	-
For Fiscal Year ended June 30, 2020	June 30, 2027		572,799	-	(539,998)	-	-	32,801	568,625
For Fiscal Year ended June 30, 2021	June 30, 2028		2,533	-	-	-	-	2,533	2,533
For Fiscal Year ended June 30, 2022	June 30, 2029		185,105	-	-	-	-	185,105	-
Interest Income			-	43,813	-	-	-	43,813	39,451
Subtotal RTCIP Funds			<u>2,434,400</u>	<u>43,813</u>	<u>(2,213,961)</u>	<u>-</u>	<u>-</u>	<u>264,252</u>	<u>610,609</u>
GASB 31 Market Value Adjustment			-	(27,368)	-	-	-	(27,368)	(5,256)
Total RTCIP Funds			<u>\$ 2,434,400</u>	<u>\$ 16,445</u>	<u>\$ (2,213,961)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,884</u>	<u>\$ 605,353</u>

CITY OF LEMON GROVE, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Lemon Grove, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 \$753,183. We selected \$267,566 (35.52%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2022. The City implemented a formal cost allocation plan that was adopted by City Council in June 2019. The cost allocation plan charges a percentage of payroll and positions charged to the TransNet fund. In FY22, salaries and benefits charged to the TransNet fund were \$57,098. In addition, a portion of payments made to the contract City Engineer, Rick Engineering, was allocated to the TransNet program to reflect the time the Engineer spent working on TransNet projects. In FY22, total expenditures charged to TransNet for Rick Engineering were \$66,694 (8.85%). In total, the City allocated \$123,792 of indirect costs to the TransNet program, which represents 16.44% of total TransNet expenditures made during FY22. Overhead costs are then allocated to Congestion Relief and Maintenance projects based on actual expense for the current year. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent certified public accounting firm. 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: This procedure is not applicable as there were no amounts reflected in the Adjustment 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, 2023.

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 during FY22.

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

Results: This procedure is not applicable as there were no inactive projects during FY22.

- 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 transfer of *TransNet* funds.

- 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 did not have any non-*TransNet* activity during FY22.

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 Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no Adjustments in Schedule A during FY22.

- 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 project status 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 2022 apportionment	\$937,398
Less: debt service payment	_____
Net estimated apportionment	937,398
30% base	_____30%
Fiscal year 2022 30% threshold	<u>281,219</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(67,260)
Maintenance fund balance	<u>(23,218)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(90,478)</u>
Fund balance under apportionment	<u>\$371,697</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	<u>Funds Held by City</u>	<u>Funds Held by SANDAG</u>	<u>Total</u>
Congestion Relief	\$(67,260)	\$ 702,880	\$ 635,620
Maintenance	<u>(23,218)</u>	<u>398,150</u>	<u>374,932</u>
Totals	<u>\$(90,478)</u>	<u>\$1,101,030</u>	<u>\$1,010,552</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 26.12% 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	\$6,400,002	\$582,308	\$6,982,310
Maintenance	2,626,374	346,753	2,973,127
Interest	<u>16,421</u>	<u>171,969</u>	<u>188,390</u>
Total local street and road revenue	<u>\$9,042,797</u>	<u>\$1,101,030</u>	<u>\$10,143,827</u>
30% of total local street and road revenue			\$ 3,043,148
Less maintenance expenditures incurred to date			<u>(2,649,932)</u>
Available maintenance funds			<u>\$ 393,216</u>
Cumulative percentage expended for maintenance			<u>26.12%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

12. 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.

- a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$545,840
Less MOE base year requirement	<u>(203,027)</u>
Excess MOE for the year ended June 30, 2022	<u>\$342,813</u>

- 13. 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 (including commitments), and cumulative ending balance.
 - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: The City did not collect the correct exaction fee for 89 of 99 permits issued. See the Findings and Recommendation section of the 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 incur RTCIP expenditures for the fiscal year ending June 30, 2022.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 incur RTCIP expenditures for the fiscal year ending June 30, 2022.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP payroll expenditures identified during FY22.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 25, 2022.

- xiv. 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.

14. 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.

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

Results: The City had one prior year finding from FY20 relating to not using the approved exaction fee. As of June 30, 2022, the City was unable to collect the \$129.15 and plans to transfer the amount from the City's General Fund in FY23.

16. 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 Findings and Recommendations section of this report.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
XXXX, 2023

CITY OF LEMON GROVE, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2022

(1) Need to Use Approved Exaction Fee

The City did not consistently collect the required exaction fee amount of \$2,635.50 during the fiscal year ended June 30, 2022. For one permit issued, the exaction fee collected was based upon the FY20 exaction fee amount of \$2,533.15. For 88 permits issued, the exaction fee collected was based upon the FY21 exaction fee amount of \$2,583.82. This resulted in an under-collection of the exaction fee in the amount of \$4,650.19 as follows:

<u>Customer</u>	<u>Batch</u>	<u>Receipt #</u>	<u>Amount Required</u>	<u>Amount Charged</u>	<u>Variance</u>
Skylark Partners	202-4-2022	43072	\$ 2,635.50	\$ 2,533.15	\$ 102.35
Citymark Construction	232-2-2022	42464	173,943.00	170,532.12	3,410.88
Edward & Zumrad Berki	204-4-2022	43109	2,635.50	2,583.82	51.68
Snyder Properties	Various	Various	15,813.00	15,502.92	310.08
The Grove Partners	235-6-2022	44079	<u>39,532.50</u>	<u>38,757.30</u>	<u>775.20</u>
		Totals	<u>\$234,559.50</u>	<u>\$229,909.31</u>	<u>\$4,650.19</u>

SANDAG Board recommendations as of February 10, 2021 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 \$2,583.82 to \$2,635.50 beginning July 1, 2021."

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..."

CITY OF LEMON GROVE, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2022

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

Recommendation

We recommend that the City recover the under-collection of exaction fees in the amount of \$4,650.19. Additionally, we recommend that the City update and collect the proper exaction fee on a yearly basis to be in compliance with the RTCIP fees requirement.

Management Response

Although, the fee amount was updated in the City's ERP system to be effective as of July 1, 2021, City staff did not realize that the system automatically pulls in the fees that were effective as of the 'effective date' of the permit, not the effective date of payment.

To fix this, RTCIP fee must be manually updated prior to payment of the fee. Due to a turnover in regular and contracted staff, this process did not occur and the City under collected the exaction fee by \$4,650.19.

The report recommended that the City (1) recover the under-collected fees and (2) update the exaction fee on a yearly basis.

The City will address these items as follows:

- (1) City staff will prepare letters to the permit holders who had underpaid in FY2021-22 requesting payment of the outstanding balance of their exaction fee. Since the permits were previously issued, the City lacks leverage on the permit holder to pay. To this end, any fees the City is not able to collect by the end of the current fiscal year, the City will cover the fees from the General Fund.
- (2) The task of updating the exaction fee in the software system is part of the year end process. It is completed upon notification from SANDAG of the new rate with an effective date as stipulated by SANDAG. City staff has been trained on updating the fee for permits initiated to the current fiscal year and will be monitored to help reduce or eliminate under collection in the future.

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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 LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	\$ 18,924	\$ 22,269	\$ 45	\$ (24,307)	\$ -	\$ 16,931	
LG20	7300	Street Improvements - Congestion Relief	<u>381,216</u>	<u>9,714</u>	<u>396</u>	<u>(475,517)</u>	<u>-</u>	<u>(84,191)</u>	(a)
		Total Congestion Relief	<u>400,140</u>	<u>31,983</u>	<u>441</u>	<u>(499,824)</u>	<u>-</u>	<u>(67,260)</u>	
Maintenance:									
LG14	7310	Traffic Improvements - Preventive Maintenance	10,471	88,111	73	(114,700)	-	(16,045)	(a)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	192	19,662	42	(23,157)	-	(3,261)	(a)
LG17	7150	Street Improvements - Preventive Maintenance	<u>1,297</u>	<u>7,857</u>	<u>26</u>	<u>(13,092)</u>	<u>-</u>	<u>(3,912)</u>	(a)
		Total Maintenance	<u>11,960</u>	<u>115,630</u>	<u>141</u>	<u>(150,949)</u>	<u>-</u>	<u>(23,218)</u>	
		Total Local Street Improvements	<u>412,100</u>	<u>147,613</u>	<u>582</u>	<u>(650,773)</u>	<u>-</u>	<u>(90,478)</u>	
Smart Growth Grant:									
LG26	7340	Connect Main St	<u>(23,627)</u>	<u>45,814</u>	<u>-</u>	<u>(102,410)</u>	<u>-</u>	<u>(80,223)</u>	(a)
		Total Smart Growth Grant	<u>(23,627)</u>	<u>45,814</u>	<u>-</u>	<u>(102,410)</u>	<u>-</u>	<u>(80,223)</u>	
		Total <i>TransNet</i> Extension	<u>\$ 388,473</u>	<u>\$ 193,427</u>	<u>\$ 582</u>	<u>\$ (753,183)</u>	<u>\$ -</u>	<u>\$ (170,701)</u>	

Notes:

(a) City will request additional funds in FY23.

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	\$ 1,096,574	\$ 2,931	\$ (1,082,574)	\$ 16,931
LG20	7300	Street Improvements - Congestion Relief	<u>3,715,008</u>	<u>646</u>	<u>(3,799,845)</u>	<u>(84,191)</u>
Total Congestion Relief			<u>4,811,582</u>	<u>3,577</u>	<u>(4,882,419)</u>	<u>(67,260)</u>
Maintenance:						
LG14	7310	Traffic Improvements - Preventive Maintenance	1,291,933	124	(1,308,102)	(16,045)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	603,767	124	(607,152)	(3,261)
LG17	7150	Street Improvements - Preventive Maintenance	<u>730,674</u>	<u>92</u>	<u>(734,678)</u>	<u>(3,912)</u>
Total Maintenance			<u>2,626,374</u>	<u>340</u>	<u>(2,649,932)</u>	<u>(23,218)</u>
Total Local Street Improvements			<u>7,437,956</u>	<u>3,917</u>	<u>(7,532,351)</u>	<u>(90,478)</u>
Smart Growth Grant:						
LG26	7340	Connect Main St	<u>292,175</u>	<u>-</u>	<u>(372,398)</u>	<u>(80,223)</u>
Total Smart Growth Grant			<u>292,175</u>	<u>-</u>	<u>(372,398)</u>	<u>(80,223)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>7,730,131</u>	<u>3,917</u>	<u>(7,904,749)</u>	<u>(170,701)</u>
Completed Projects:						
Congestion Relief			1,588,420	12,504	(1,600,924)	-
Smart Growth Grant			<u>3,275,001</u>	<u>-</u>	<u>(3,275,001)</u>	<u>-</u>
Total Completed Projects			<u>4,863,421</u>	<u>12,504</u>	<u>(4,875,925)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 12,593,552</u>	<u>\$ 16,421</u>	<u>\$ (12,780,674)</u>	<u>\$ (170,701)</u>

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2022	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021	
For Fiscal Year ended June 30, 2015	June 30, 2022	LG 13	\$ 130,777	\$ 737	\$ (131,514)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2016	June 30, 2023	LG 13	272,580	2,383	(274,963)	-	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	LG 13	51,854	2,997	(54,851)	-	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	LG 13	50,484	5,909	(56,393)	-	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026	LG 13	52,888	2,012	(54,882)	-	-	18	18	
For Fiscal Year ended June 30, 2020	June 30, 2027	LG 13	40,351	-	-	-	-	40,351	40,351	
For Fiscal Year ended June 30, 2021	June 30, 2028		35,229	-	-	-	-	35,229	35,229	
For Fiscal Year ended June 30, 2022	June 30, 2029		259,986	-	-	(3,722)	-	256,264	-	(a)
Interest Income			-	1,744	-	-	-	1,744	659	
Total RTCIP Funds			\$ 894,149	\$ 15,782	\$ (572,603)	\$ (3,722)	\$ -	\$ 333,606	\$ 76,257	

Notes:

(a) Accessory Dwelling Unit is exempt from RTCIP exaction fee requirement. City will process a refund during FY23.

CITY OF NATIONAL CITY, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of National City, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 \$1,672,305. We selected \$879,866 (52.61%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as the City did not allocate indirect costs to projects on 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 are no adjustments included within Schedule A in FY22.

- 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, 2023.

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 included within Schedule A in FY22.

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

Results: This procedure is not applicable as there were no inactive projects included within Schedule A in FY22.

- 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 included within Schedule A in FY22.

- 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 Adjustments 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 which were required to be reported on Schedule B.

- 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 project status 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 2022 apportionment	\$1,927,651
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,927,651
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>578,295</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	1,373,673
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>1,373,673</u>
Fund balance over apportionment	<u>\$ 795,378</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$1,373,673	\$(4,446,068)	\$(3,072,395)
Maintenance	<u>-</u>	<u>6,058,015</u>	<u>6,058,015</u>
Totals	<u>\$1,373,673</u>	<u>\$ 1,611,947</u>	<u>\$ 2,985,620</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 below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$22,192,333	\$(4,812,211)	\$17,380,122
Maintenance	-	5,926,539	5,926,539
Interest	<u>51,877</u>	<u>497,619</u>	<u>549,496</u>
 Total local street and road revenue	 <u>\$22,244,210</u>	 <u>\$1,611,947</u>	 <u>\$23,856,157</u>
 30% of total local street and road revenue			 \$7,156,847
Less maintenance expenditures incurred to date			<u>-</u>
 Available maintenance funds			 <u>\$7,156,847</u>
 Cumulative percentage expended for maintenance			 <u>0.00%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.

- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$2,150,040
Less MOE base year requirement	<u>(2,029,966)</u>
Excess MOE for the year ended June 30, 2022	<u>\$ 120,074</u>

13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed

in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 incur RTCIP expenditures for the fiscal year ending June 30, 2022.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 RTCIP expenditures for fiscal year ending June 30, 2022.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2022.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 18, 2022.

- xiv. 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.

- 14. 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.

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

Results: While the City did not have any findings related to the report for the fiscal year ended June 30, 2021, there were unresolved findings for the reports for the fiscal years ended June 30, 2018, June 30, 2019, and June 30, 2020 related to charging incorrect exaction fees. The current year testing of the exaction fee (procedure 13.c.i) did not result in a finding. As of the date of this report, the under-collections of \$3,666 and \$156 relating to the fiscal years ended June 30, 2018 and June 30, 2019 had not been recovered, nor was the over-collection of \$162 relating

to the fiscal year ended June 30, 2020 refunded to the developer. As such, we followed up with the City for an explanation of their planned course of action to remedy these findings in the next fiscal year. Per the City, they have exhausted its effort in collecting the under-collected exaction fees from FY 2018 & FY 2019. A fund transfer in the amount of \$3,822 from the General Fund will take place to cover for it in FY 2023. As for the over collected fees of \$162 the City will attempt to contact the developer to refund the fees.

16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California

_____, 2023

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2021 through June 30, 2022.

“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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“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 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 NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
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:									
NC03	6035	Street Resurfacing Project	243,971	1,100,000	499	(430,925)	-	913,545	
NC04	6558	Traffic Signal Install/Upgrade	392,230	126,500	67	(404,972)	-	113,825	
NC15	6166	Citywide Safe Routes to School	136,405	236,000	189	(26,291)	-	346,303	
		Total Congestion Relief	772,606	1,462,500	755	(862,188)	-	1,373,673	
		Total Local Street Improvements	772,606	1,470,500	755	(870,188)	-	1,373,673	
Smart Growth:									
NC29	6604	24th Street TOD Overlay	(126,365)	119,494	-	(49,313)	-	(56,184)	(a)
NC36	6605	Roosevelt Ave Corridor	(623,162)	906,856	-	(675,899)	-	(392,205)	(a)
NC37	6606	Sweetwater Rd Protected Bikeway	(87,077)	43,513	-	(76,905)	-	(120,469)	(a)
		Total Smart Growth	(836,604)	1,069,863	-	(802,117)	-	(568,858)	
Bike and Pedestrian:									
NC34	6603	Waterfront To Homefront Connectivity	(12,447)	-	-	-	-	(12,447)	(a)
NC35	6602	National City Bike Parking Enhancements	(1,801)	-	-	-	-	(1,801)	(a)
		Total Bike and Pedestrian	(14,248)	-	-	-	-	(14,248)	
		Total <i>TransNet</i> Extension	\$ (78,246)	\$ 2,540,363	\$ 755	\$ (1,672,305)	\$ -	\$ 790,567	

Notes:

(a) Grant expenditures will be requested for reimbursement in FY23.

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
NC04	6558	Regional Arterial Management Systems	\$ 80,000	\$ -	\$ (80,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>
Congestion Relief:						
NC03	6035	Street Resurfacing Project	11,913,110	5,900	(11,005,465)	913,545
NC04	6558	Traffic Signal Install/Upgrade	2,326,233	21,958	(2,234,366)	113,825
NC15	6166	Citywide Safe Routes to School Tax	<u>3,101,701</u>	<u>12,928</u>	<u>(2,768,326)</u>	<u>346,303</u>
		Total Congestion Relief	<u>17,341,044</u>	<u>40,786</u>	<u>(16,008,157)</u>	<u>1,373,673</u>
		Total Local Street Improvements	<u>17,421,044</u>	<u>40,786</u>	<u>(16,088,157)</u>	<u>1,373,673</u>
Smart Growth:						
NC29	6604	24th Street TOD Overlay	446,426	-	(502,610)	(56,184)
NC36	6605	Roosevelt Ave Corridor	1,671,602	-	(2,063,807)	(392,205)
NC37	6606	Sweetwater Rd Protected Bikeway	<u>272,570</u>	<u>-</u>	<u>(393,039)</u>	<u>(120,469)</u>
		Total Smart Growth	<u>2,390,598</u>	<u>-</u>	<u>(2,959,456)</u>	<u>(568,858)</u>
Active Transportation Grant:						
Bike and Pedestrian:						
NC 34	6603	Waterfront To Homefront Connectivity	185,554	-	(198,001)	(12,447)
NC 35	6604	Waterfront To Homefront Connectivity	<u>46,072</u>	<u>-</u>	<u>(47,873)</u>	<u>(1,801)</u>
		Total Bike and Pedestrian	<u>231,626</u>	<u>-</u>	<u>(245,874)</u>	<u>(14,248)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>20,043,268</u>	<u>40,786</u>	<u>(19,293,487)</u>	<u>790,567</u>

(Continued)

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
		Completed Projects:				
		Congestion Relief	\$ 4,771,289	\$ 11,091	\$ (4,782,380)	\$ -
		Smart Growth	7,145,000	-	(7,145,000)	-
		Bike and Pedestrian	<u>1,806,861</u>	<u>-</u>	<u>(1,806,861)</u>	<u>-</u>
		Total Completed Projects	<u>13,723,150</u>	<u>11,091</u>	<u>(13,734,241)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 33,766,418</u>	<u>\$ 51,877</u>	<u>\$ (33,027,728)</u>	<u>\$ 790,567</u>

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SCHEDULE C

CITY OF NATIONAL CITY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021
For Fiscal Year ended June 30, 2015	June 30, 2022	NC01	\$ 351,669	\$ 595	\$ (352,264)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2016	June 30, 2023	NC01	13,860	-	(13,860)	-	-	-	-
For Fiscal Year ended June 30, 2017	June 30, 2024	NC01	28,096	-	(28,143)	47	-	-	-
For Fiscal Year ended June 30, 2018	June 30, 2025	NC01	494,561	-	(114,556)	-	-	380,005	380,005
For Fiscal Year ended June 30, 2019	June 30, 2026		141,430	-	-	-	-	141,430	141,430
For Fiscal Year ended June 30, 2020	June 30, 2027		1,061,746	-	-	-	-	1,061,746	1,061,746
For Fiscal Year ended June 30, 2021	June 30, 2028		136,652	-	-	-	-	136,652	136,652
For Fiscal Year ended June 30, 2022	June 30, 2029		220,926	-	-	-	-	220,926	-
Interest Income			-	59,809	-	-	-	59,809	52,226
Subtotal RTCIP Funds			2,448,940	60,404	(508,823)	47	-	2,000,568	1,772,059
GASB 31 Market Value Adjustment			-	(7,021)	-	-	-	(7,021)	(15,557)
Total RTCIP Funds			<u>\$ 2,448,940</u>	<u>\$ 53,383</u>	<u>\$ (508,823)</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 1,993,547</u>	<u>\$ 1,756,502</u>

CITY OF OCEANSIDE, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Oceanside, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 less debt service in the amount of \$816,306. We selected \$303,465 (37.18%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2022. The City does not have a formal indirect cost plan. The City allocates costs based on all expenses charged to the designated Engineering Account, as a percentage of each active CIP account on a quarterly basis. The City allocated a total of \$40,797 of indirect costs in the RTIP, resulting in 1.71% of indirect costs compared to total *TransNet* expenditures. The City's methodology for allocating indirect costs appears reasonable. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA firm. 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, 2023.

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: There were three projects that have been inactive over the past two years. The City indicated that, "O33 is a multi-year project that requires coordination with SANDAG and approval from the California Coastal Commission and is a regionally significant project. Work will continue over the next few years and will expend budgeted funds." Additionally, "The design for O46 is underway, but efforts have been focused on obtaining ATP Grant for construction prior to completing design." Finally, "O47 is an on-going project. Drawing for Preliminary Design and Public Outreach have been prolonged because City and Coastal Commission staff vet alternative improvements. Design likely through FY24 and construction through mid FY26." The status of these projects has been added to Schedule A.

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

Results: SANDAG approved the reason for the inactivity on October 28, 2022.

- 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 there was no non-*TransNet* activity reported 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 Adjustments 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 project status 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 2022 apportionment	\$6,093,275
Less: debt service payment	<u>(1,565,439)</u>
Net estimated apportionment	4,527,836
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>1,358,351</u>
Less:	
Local Streets and Roads fund balance	270,440
Local Street Improvement:	
Congestion Relief fund balance	(2,708,129)
Maintenance fund balance	<u>(259,528)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(2,697,217)</u>
Fund balance under apportionment	<u>\$4,055,568</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are indicated on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(2,708,129)	\$2,892,841	\$184,712
Maintenance	<u>(259,528)</u>	<u>6,140,379</u>	<u>5,880,851</u>
Totals	<u>\$(2,967,657)</u>	<u>\$9,033,220</u>	<u>\$6,065,563</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 19.66% of cumulative local street and road revenue for maintenance as indicated on the following page:

	City	SANDAG	Total
Congestion relief	\$52,383,112	\$2,218,561	\$54,601,673
Maintenance	14,677,923	5,840,047	20,517,970
Interest	<u>215,427</u>	<u>974,612</u>	<u>1,190,039</u>
Total local street and road revenue	<u>\$67,276,462</u>	<u>\$9,033,220</u>	<u>\$76,309,682</u>
30% of total local street and road revenue			\$22,892,905
Less maintenance expenditures incurred to date			<u>(15,002,233)</u>
Available maintenance funds			<u>\$ 7,890,672</u>
Cumulative percentage expended for maintenance			<u>19.66%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2021	Additions	Principal Payments	Balance June 30, 2022	Interest Payments
Commercial Paper Debt Service	<u>\$1,554,937</u>	<u>\$ -</u>	<u>\$1,544,937</u>	<u>\$ -</u>	<u>\$10,502</u>

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

- a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$5,101,598
Less MOE base year requirement	<u>(3,120,588)</u>
Excess MOE for the year ended June 30, 2022	<u>\$1,981,010</u>

- 13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 \$429,734. We selected \$165,356 (38.48%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 RTCIP expenditures identified in procedure 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

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

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 3, 2022.

- xiv. 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.

- 14. 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.

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

Results: The prior year report (for the year ended June 30, 2021) included a finding related to the incorrect charge of exaction fees of developers. The current year testing of the exaction fee (procedure 13.c.i) did not result in a finding. As of the date of this report, a portion of the prior year under-collection has been recovered. In the prior year, the City under-collected exactions by \$7,499, of which \$6,050 has been recovered. The City does not believe it will be able to recover the remaining \$1,449 from developers and will request a transfer from the general fund of the City Council to cover the outstanding balance in FY23.

16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California

_____, 2023

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2021 through June 30, 2022.

“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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“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 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 OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet:									
Local Streets and Roads:									
O14	914560800212	Douglas Dr. Bridge Seismic Retro	\$ 106,487	\$ -	\$ -	\$ (37,305)	\$ -	\$ 69,182	
O14	914560900212	No Coast Hwy Bridge Seismic Retro	204,302	-	-	(3,044)	-	201,258	
Total Local Streets and Roads			310,789	-	-	(40,349)	-	270,440	
Total <i>TransNet</i>			310,789	-	-	(40,349)	-	270,440	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
O35	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	-	-	-	-	-	-	(a)
O24	902754200212	Street Restoration	(1,553,028)	-	-	(142,765)	-	(1,695,793)	(b)
O25	902146516212	Downtown Fiber-Optic	(23,048)	-	-	-	-	(23,048)	(b)
O33	902131200212	Coast Hwy Corridor Study/EIR	124,277	-	-	-	-	124,277	(c)
O33	902137100212	Coast Hwy Vision EIR-SA	-	-	-	-	-	-	(c)
O33	902162120212	Coast Hwy Corridor Design	(15,000)	-	-	(31,285)	-	(46,285)	(b)
Total O33 Projects			109,277	-	-	(31,285)	-	77,992	
Subtotal Congestion Relief			(1,466,799)	-	-	(174,050)	-	(1,640,849)	

(Continued)

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2021</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2022</u>	<u>Notes</u>
		Congestion Relief - balance carried forward	<u>\$ (1,466,799)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (174,050)</u>	<u>\$ -</u>	<u>\$ (1,640,849)</u>	
O37	902135600212	Bicycle Master Plan/Bike Sfty	(34,623)	-	-	(75,674)	-	(110,297)	(b)
O37	902165720212	Loma Alta Bike Trail	(532)	-	-	-	-	(532)	(b)
		Total O37 Projects	<u>(35,155)</u>	<u>-</u>	<u>-</u>	<u>(75,674)</u>	<u>-</u>	<u>(110,829)</u>	
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	(95,253)	-	-	(183,019)	-	(278,272)	(b)
O38	902135500212	Neighborhood Traffic Sfty Impr	(236,461)	-	-	-	-	(236,461)	(b)
O38	902165620212	El Corazon N Roundabout	(21,471)	-	-	-	80	(21,391)	(b)(d)
		Total O38 Projects	<u>(353,185)</u>	<u>-</u>	<u>-</u>	<u>(183,019)</u>	<u>80</u>	<u>(536,124)</u>	
O40	902135400212	Mainline R/R Xing Sfty	(104,174)	-	-	-	-	(104,174)	(e)
O41	907118100212	Lot 23 Transit Parking Strctr	(265,986)	-	-	-	-	(265,986)	(b)
O45	902147216212	Douglas Dr Median HSIP-City	(14,920)	-	-	(176,935)	-	(191,855)	(f)
O46	902162320212	Coastal Rail Trail Design	(16,060)	-	-	(4,923)	-	(20,983)	(b)
O46	904146616212	Coastal Rail Trail Oblvd Morse	(21,724)	-	-	-	-	(21,724)	(b)(g)
		Total O46 Projects	<u>(37,784)</u>	<u>-</u>	<u>-</u>	<u>(4,923)</u>	<u>-</u>	<u>(42,707)</u>	
		Subtotal Congestion Relief	<u>(2,278,003)</u>	<u>-</u>	<u>-</u>	<u>(614,601)</u>	<u>80</u>	<u>(2,892,524)</u>	

(Continued)

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
		Congestion Relief balance carried forward	\$ (2,278,003)	\$ -	\$ -	\$ (614,601)	\$ 80	\$ (2,892,524)	
O47	907146416212	Pier Restoration	33,750	-	-	-	-	33,750	(h)
		Commercial Paper Debt Services	-	1,565,439	-	(1,565,439)	-	-	
		Interest income	143,382	-	7,263	-	-	150,645	
		Total Congestion Relief	(2,100,871)	1,565,439	7,263	(2,180,040)	80	(2,708,129)	
		Maintenance:							
O18	425411212	Misc Traffic Markings	(53,948)	-	-	(46,631)	-	(100,579)	(b)
O18	425418212	Neighborhood Traffic Improvement	(77,735)	-	-	(103,525)	-	(181,260)	(b)
O18	425426212	Misc Street Projects	(42,251)	-	-	-	-	(42,251)	(b)
		Total O18 Projects	(173,934)	-	-	(150,156)	-	(324,090)	
		Interest Income	61,449	-	3,113	-	-	64,562	
		Total Maintenance	(112,485)	-	3,113	(150,156)	-	(259,528)	
		Total Local Street Improvements	(2,213,356)	1,576,639	10,376	(2,341,396)	80	(2,967,657)	
		Bike and Pedestrian:							
O47	902157419212	Pier VWay Bridge Replacement PDR	(37,311)	-	-	-	-	(37,311)	(i)
		Total Bike and Pedestrian	(37,311)	-	-	-	-	(37,311)	

(Continued)

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
		Smart Growth:							
O49	836164419272	Coastal Rail Trail Extension	\$ (145,041)	\$ 145,041	\$ -	\$ -	\$ -	\$ -	
		Total Smart Growth	(145,041)	145,041	-	-	-	-	
		Total <i>TransNet</i> Extension	(2,395,708)	1,721,680	10,376	(2,341,396)	80	(3,004,968)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	(2,084,919)	1,721,680	10,376	(2,381,745)	80	(2,734,528)	
		GASB 31 Market Value Adjustment	14,110	-	(58,384)	-	-	(44,274)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (2,070,809)	\$ 1,721,680	\$ (48,008)	\$ (2,381,745)	\$ 80	\$ (2,778,802)	

Notes:

- (a) This project is scheduled to be resumed in FY24 and has been updated in ProjectTrak to reflect the revised timeframe. Regulatory (CORP and FWS) permits will require almost 2 years to obtain.
- (b) City will request a drawdown to remove the deficit in FY23.
- (c) This is a multi-year project that requires coordination with SANDAG and approval from the California Coastal Commission and is a regionally significant project. Work will continue over the next few years and will expend budgeted funds.
- (d) An adjustment was made to reverse internal service charges previously expended for this project.
- (e) Project is complete. Staff is coordinating with the CPUC, Caltrans and the Federal Rail Authority (FRA) to close out the project. A draw down to reconcile this negative balance is being processed for SANDAG's review and approval.
- (f) Project is completed. We are working with Caltrans to finalize and close out the project. A draw down request to cover this negative balance is being processed for SANDAG's review and approval.
- (g) Design for this project is underway, but efforts have been focused on obtaining ATP Grant for construction prior to completing design.
- (h) This is an on-going project. Drawing for Preliminary Design and Public Outreach have been prolonged because City and Coastal Commission staff vet alternative improvements. Design likely through FY24 and construction through mid FY26.
- (i) Grant funding will be requested for reimbursement in FY23.

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

<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, 2022</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
O35	N/A	Regional Arterial Management Systems	\$ 112,000	\$ -	\$ (112,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>112,000</u>	<u>-</u>	<u>(112,000)</u>	<u>-</u>
Congestion Relief:						
O17	905120100212	Loma Alta Creek Detention Basins	<u>2,394,236</u>	<u>-</u>	<u>(2,394,236)</u>	<u>-</u>
O24	902754200212	Street Restoration	<u>24,414,021</u>	<u>-</u>	<u>(26,109,814)</u>	<u>(1,695,793)</u>
O25	902146516212	Downtown Fiber-Optic	<u>146,900</u>	<u>-</u>	<u>(169,948)</u>	<u>(23,048)</u>
O33	902131200212	Coast Hwy Corridor Study/EIR	1,159,218	-	(1,034,941)	124,277
O33	902137100212	Coast Hwy Vision EIR-SA	323,068	-	(323,068)	-
O33	902162120212	Coast Hwy Corridor Design	<u>-</u>	<u>-</u>	<u>(46,285)</u>	<u>(46,285)</u>
		Total O33 Projects	<u>1,482,286</u>	<u>-</u>	<u>(1,404,294)</u>	<u>77,992</u>
O37	902135600212	Bicycle Master Plan/Bike Sfty	283,065	-	(393,362)	(110,297)
O37	902165720212	Loma Alta Bike Trail	<u>-</u>	<u>-</u>	<u>(532)</u>	<u>(532)</u>
		Total O37 Projects	<u>283,065</u>	<u>-</u>	<u>(393,894)</u>	<u>(110,829)</u>
		Subtotal Congestion Relief	<u>28,720,508</u>	<u>-</u>	<u>(30,472,186)</u>	<u>(1,751,678)</u>

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
		Congestion Relief balance carried forward	\$ 28,720,508	\$ -	\$ (30,472,186)	\$ (1,751,678)
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	722,500	-	(1,000,772)	(278,272)
O38	902135500212	Neighborhood Traffic Sfty Impr	246,629	-	(483,090)	(236,461)
O38	902165620212	El Corazon N Roundabout	-	-	(21,391)	(21,391)
		Total O38 Projects	<u>969,129</u>	<u>-</u>	<u>(1,505,253)</u>	<u>(536,124)</u>
O40	902135400212	Mainline R/R Xing Sfty	5,440,000	-	(5,544,174)	(104,174)
O41	907118100212	Lot 23 Transit Parking Strctr	3,416,993	-	(3,682,979)	(265,986)
O45	902147216212	Douglas Dr Median HSIP-City	119,214	-	(311,069)	(191,855)
O46	902162320212	Coastal Rail Trail Design	-	-	(20,983)	(20,983)
O46	904146616212	Coastal Rail Trail Oblvd Morse	115,000	-	(136,724)	(21,724)
		Total O45 Projects	<u>115,000</u>	<u>-</u>	<u>(157,707)</u>	<u>(42,707)</u>
O47	907146416212	Pier Restoration	500,000	-	(466,250)	33,750
		Subtotal Congestion Relief	<u>39,280,844</u>	<u>-</u>	<u>(42,139,618)</u>	<u>(2,858,774)</u>

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
		Congestion Relief balance carried forward	\$ 39,280,844	\$ -	\$ (42,139,618)	\$ (2,858,774)
		Commercial Paper Debt Services	4,914,124	-	(4,914,124)	-
		Interest Income	-	150,645	-	150,645
		Total Congestion Relief	44,194,968	150,645	(47,053,742)	(2,708,129)
		Maintenance:				
O18	425411212	Misc Traffic Markings	374,670	-	(475,249)	(100,579)
O18	425418212	Neighborhood Traffic Improvement	820,190	-	(1,001,450)	(181,260)
O18	425426212	Misc Street Projects	8,194,617	-	(8,236,868)	(42,251)
		Total O18 Projects	9,389,477	-	(9,713,567)	(324,090)
		Interest Income	-	64,562	-	64,562
		Total Maintenance	9,389,477	64,562	(9,713,567)	(259,528)
		Total Local Street Improvements	53,696,445	215,207	(56,879,309)	(2,967,657)
		Bike and Pedestrian:				
O47	902157419212	Pier VWay Bridge Replacement PDR	-	-	(37,311)	(37,311)
		Total Bike and Pedestrian	-	-	(37,311)	(37,311)

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
		Smart Growth:				
049	836164419272	Coastal Rail Trail Extension	\$ 339,517	\$ -	\$ (339,517)	\$ -
		Total Smart Growth	<u>339,517</u>	<u>-</u>	<u>(339,517)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>54,035,962</u>	<u>215,207</u>	<u>(57,256,137)</u>	<u>(3,004,968)</u>
		Completed Projects:				
		LSI - Congestion Relief	8,076,144	-	(8,076,144)	-
		LSI - Maintenance	5,288,446	220	(5,288,666)	-
		Bike and Pedestrian	567,620	-	(567,620)	-
		Smart Growth	431,451	-	(431,451)	-
		Senior Mini-Grant	<u>1,756,754</u>	<u>13</u>	<u>(1,756,767)</u>	<u>-</u>
		Total Completed Projects	<u>16,120,415</u>	<u>233</u>	<u>(16,120,648)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 70,156,377</u>	<u>\$ 215,440</u>	<u>\$ (73,376,785)</u>	<u>\$ (3,004,968)</u>

SCHEDULE C

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2022

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2022	Cumulative Status		Notes
			Funds	Interest	Project	City		June 30, 2022	June 30, 2021	
			Received	Income	Expenditures	Adjustments				
For Fiscal Year ended June 30, 2015	June 30, 2022	O22	\$ 128,478	\$ 911	\$ (129,389)	\$ -	\$ -	\$ -		
For Fiscal Year ended June 30, 2016	June 30, 2023	O22	256,521	1,798	(258,319)	-	-	-		
For Fiscal Year ended June 30, 2017	June 30, 2024	O22	912,159	7,156	(919,315)	-	-	-		
For Fiscal Year ended June 30, 2018	June 30, 2025	O22	951,228	-	(951,228)	-	-	382,947		
For Fiscal Year ended June 30, 2019	June 30, 2026	O22	623,484	-	(46,787)	-	-	576,697	623,484	
For Fiscal Year ended June 30, 2020	June 30, 2027		509,334	-	-	-	-	509,334	509,334	
For Fiscal Year ended June 30, 2021	June 30, 2028		398,288	-	-	-	-	398,288	398,288	
For Fiscal Year ended June 30, 2022	June 30, 2029		1,153,320	-	-	-	-	1,153,320	-	
Interest Income			-	22,749	-	-	-	22,749	14,600	
Total RTCIP Funds			\$ 4,932,812	\$ 32,614	\$ (2,305,038)	\$ -	\$ -	\$ 2,660,388	\$ 1,928,653	

DRAFT

CITY OF POWAY, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Poway, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 \$1,052,774. We selected \$995,415 (94.55%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures identified during FY22.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated during FY22.

- 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: This procedure is not applicable as there were no completed projects with balances remaining.

- 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, 2023.

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 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 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 included within Schedule A in FY22.

- 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 Adjustments 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 project status 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 2022 apportionment	\$1,949,548
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,949,548
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>584,864</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	153,836
Maintenance fund balance	<u>(153,940)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(104)</u>
Fund balance under apportionment	<u>\$584,968</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$153,836	\$2,374,141	\$2,527,977
Maintenance	<u>(153,940)</u>	<u>628,495</u>	<u>474,555</u>
Totals	<u>\$ (104)</u>	<u>\$3,002,636</u>	<u>\$3,002,532</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 27.63% 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	\$12,571,395	\$2,278,651	\$14,850,046
Maintenance	5,740,898	590,909	6,331,807
Interest	<u>45,504</u>	<u>133,076</u>	<u>173,580</u>
Total local street and road revenue	<u>\$18,352,797</u>	<u>\$3,002,636</u>	<u>\$21,355,433</u>
30% of total local street and road revenue			\$6,406,630
Less maintenance expenditures incurred to date			<u>(5,899,482)</u>
Available maintenance funds			<u>\$ 507,148</u>
Cumulative percentage expended for maintenance			<u>27.63%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.

- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$3,386,795
Less MOE base year requirement	<u>(1,327,553)</u>
Excess MOE for the year ended June 30, 2022	<u>\$2,059,242</u>

13. 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 (including commitments), 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: The City did not expend or commit exaction fees collected between 2011 and 2015 within the required seven year timeframe. We obtained a response from the City which included a plan of action to remedy this issue, and included a footnote within Schedule C of the

Report. See Finding 1 in the Findings and Recommendations Section within the report.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: The City did not expend or commit exaction fees collected between 2011 and 2015 within the required seven year timeframe. We obtained a response from the City which included a plan of action to remedy this issue, and included a footnote within Schedule C of the Report. See Finding 1 in the Findings and Recommendations Section within the report.

- v. 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 \$181,226. We selected \$XXX (X%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP payroll expenditures for the fiscal year ending June 30, 2022.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 4, 2022.

- xiv. 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.

- 14. 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.

15. 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.

16. 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.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
XXXX, 2023

DRAFT

CITY OF POWAY, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2022

(1) RTCIP funding not expended nor committed within seven years of collection

The City did not expend or commit RTCIP funding collected during fiscal years 2011 through 2015 within seven years of collection as required by the 2004 *TransNet* Extension and Ordinance, which states as follows:

“... Each jurisdiction shall have up to but no more than seven fiscal years to expend Funding Program revenues on the Regional Arterial Systems projects. The seven year term shall commence on the first day of July following the jurisdiction’s receipt of the revenue. At the time of the review and audit by the Independent Taxpayer Oversight Committee, each jurisdiction collecting a development impact fee to meet the requirements of its Funding Program shall provide the Committee with written findings for any expended, unexpended and uncommitted fees in their Program Fund and demonstrates a reasonable relationship between the fee and the purpose for which it was charged... Contributions to the Funding Program not committed or expended by the tenth anniversary date of the July 1 following collection shall be refunded to the current record owner of the development project on a prorated basis...”

Recommendation

We recommend that the City expend or commit the remaining unspent RTCIP funds to restore compliance with the 2004 *TransNet* Extension and Ordinance. Additionally, we recommend the City develop procedures to ensure exaction fees collected for RTCIP purposes are properly tracked to ensure said collections are expended or committed within the required seven year timeframe.

Management Response

RTCIP eligible project expenditures were actually incurred in the fiscal year ended June 30, 2022, which were inadvertently charged to the incorrect funding source. The City will make a transfer of RTCIP funds to reimburse the General Fund for RTCIP eligible project expenditures that were incurred but charged to the General Fund in error, which will then bring the City into compliance with the seven-year spend down requirement. Management will also ensure that any communication or other gaps are addressed in order to ensure the correct funding sources are charged in the future as project costs are incurred.

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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 POWAY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
POW 29	411040-43204	Regional Arterial Management Systems	\$ -	\$ 7,300	\$ -	\$ (7,300)	\$ -	\$ -	
		Total Congestion Relief Pass-Through	-	7,300	-	(7,300)	-	-	
Congestion Relief:									
POW 37	STR0009	Espola Road Bicycle and Pedestrian Widening	126,399	-	490	-	-	126,889	
POW 38	411040-43202	Annual Reconstruction and Overlay Project	177,733	595,553	105	(746,444)	-	26,947	
		Total Congestion Relief	304,132	595,553	595	(746,444)	-	153,836	
Maintenance:									
POW 30	411040-43203	Street Maintenance Project	(474)	145,564	-	(299,030)	-	(153,940)	(a)
		Total Maintenance	(474)	145,564	-	(299,030)	-	(153,940)	
		Total Local Street Improvement	303,658	748,417	595	(1,052,774)	-	(104)	
		Subtotal <i>TransNet</i> Extension	303,658	748,417	595	(1,052,774)	-	(104)	
		GASB 31 Market Value Adjustment	3,141	-	-	-	(3,141)	-	(b)
		Total <i>TransNet</i> Extension	\$ 306,799	\$ 748,417	\$ 595	\$ (1,052,774)	\$ (3,141)	\$ (104)	

Notes:

- (a) Funding will be requested in FY23 to remove the deficit.
- (b) Beginning in FY22, the City no longer includes the fair adjustment as a component of interest income for *TransNet* Funds. As such, an adjustment to zero out the GASB 31 Market Value Adjustment line was made.

SCHEDULE B

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
POW 29	0411-4320D	Regional Arterial Management Systems	\$ 73,000	\$ -	\$ (73,000)	\$ -
		Total Congestion Relief Pass-Through	<u>73,000</u>	<u>-</u>	<u>(73,000)</u>	<u>-</u>
Congestion Relief:						
POW 37	STR0009	Espola Road Bicycle and Pedestrian Widening	<u>123,744</u>	<u>3,145</u>	<u>-</u>	<u>126,889</u>
POW 38	411040-43202	Annual Reconstruction and Overlay Project	<u>2,510,558</u>	<u>12,833</u>	<u>(2,496,444)</u>	<u>26,947</u>
		Total Congestion Relief	<u>2,634,302</u>	<u>15,978</u>	<u>(2,496,444)</u>	<u>153,836</u>
Maintenance:						
POW 30	411040-43203	Street Maintenance Project	<u>1,420,198</u>	<u>-</u>	<u>(1,574,138)</u>	<u>(153,940)</u>
		Total Maintenance	<u>1,420,198</u>	<u>-</u>	<u>(1,574,138)</u>	<u>(153,940)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>4,127,500</u>	<u>15,978</u>	<u>(4,143,582)</u>	<u>(104)</u>
Completed Projects:						
Local Street Improvements:						
		Congestion Relief	9,864,093	19,882	(9,883,975)	-
		Maintenance	<u>4,320,700</u>	<u>4,644</u>	<u>(4,325,344)</u>	<u>-</u>
		Total Completed Projects	<u>14,184,793</u>	<u>24,526</u>	<u>(14,209,319)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 18,312,293</u>	<u>\$ 40,504</u>	<u>\$ (18,352,901)</u>	<u>\$ (104)</u>

SCHEDULE C

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2022	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021	
For Fiscal Year ended June 30, 2011	June 30, 2018	POW37/POW48	\$ 158,156	\$ -	\$ (158,156)	\$ -	\$ -	\$ 27,803		
For Fiscal Year ended June 30, 2012	June 30, 2019	POW37/POW48	6,369	-	(6,369)	-	-	6,369		
For Fiscal Year ended June 30, 2013	June 30, 2020	POW37/POW48	30,310	-	(16,701)	-	-	13,609	(a)	
For Fiscal Year ended June 30, 2014	June 30, 2021		17,672	-	-	-	-	17,672	(a)	
For Fiscal Year ended June 30, 2015	June 30, 2022		20,336	-	-	-	-	20,336	(a)	
For Fiscal Year ended June 30, 2016	June 30, 2023		25,360	-	-	-	-	25,360		
For Fiscal Year ended June 30, 2017	June 30, 2024		32,998	-	-	-	-	32,998		
For Fiscal Year ended June 30, 2018	June 30, 2025		43,275	-	-	-	-	43,275		
For Fiscal Year ended June 30, 2019	June 30, 2026		17,464	-	-	-	-	17,464		
For Fiscal Year ended June 30, 2020	June 30, 2027		43,064	-	-	-	-	43,064		
For Fiscal Year ended June 30, 2021	June 30, 2028		364,319	-	-	-	-	364,319		
For Fiscal Year ended June 30, 2022	June 30, 2029		279,363	-	-	-	-	279,363		
Interest Income			-	40,993	-	-	-	40,993		
Subtotal RTCIP Funds			1,038,686	40,993	(181,226)	-	-	898,453	667,865	
GASB 31 Market Value Adjustment			-	(6,140)	-	6,140	-	-	(1,060)	(b)
Total RTCIP Funds			\$ 1,038,686	\$ 34,853	\$ (181,226)	\$ 6,140	\$ -	\$ 898,453	\$ 666,805	

Notes:

(a) POW48 was completed in early FY23. RTCIP funding will be programmed in subsequent years for Arterial Signal Upgrades.

(b) Beginning in FY22, the City no longer includes the fair market adjustment in the calculation of investment income for RTCIP funds. As such, an adjustment to zero out the GASB 31 Market Value Adjustment line was made.

CITY OF SAN DIEGO, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of San Diego, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 \$39,394,569. We selected \$11,214,795 (28.47%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.
Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.
Results: No exceptions were noted as a result of our procedures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We

documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2022. 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, two city departments charged labor and applied indirect costs to projects in the RTIP. The indirect cost rates charged by the departments ranged from 10.0% to 287.0% of direct labor. Total indirect costs included within projects in the RTIP were \$5,231,694 or 13.33% of total *TransNet* expenditures. The City's cost allocation plan has not been reviewed by a federal or state agency, nor has it been audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedure.

- 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, 2023.

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: There is one project that has been inactive over the past two years. The City indicated that, "SD90 has an estimated completion date of 4/30/2024."

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

Results: SANDAG approved the reason for the inactivity on November 3, 2022.

- 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 there was no non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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 Adjustments 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 project status 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 2022 apportionment	\$46,004,502
Less: debt service payment	<u>(196,798)</u>
Net estimated apportionment	45,807,704
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>13,742,311</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	8,666,365
Maintenance fund balance	<u>(2,624,589)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>6,041,776</u>
Fund balance under apportionment	<u>\$7,700,535</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$8,666,365	\$32,451,385	\$41,117,750
Maintenance	<u>(2,624,589)</u>	<u>6,796,804</u>	<u>4,172,215</u>
Totals	<u>\$6,041,776</u>	<u>\$39,248,189</u>	<u>\$45,289,965</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 27.37% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$318,668,922	\$28,511,505	\$347,180,427
Maintenance	131,420,587	4,917,654	136,338,241
Interest	<u>331,781</u>	<u>5,819,030</u>	<u>6,150,811</u>
 Total local street and road revenue	 <u>\$450,421,290</u>	 <u>\$39,248,189</u>	 <u>\$489,669,479</u>
 30% of total local street and road revenue			 \$ 146,900,844
Less maintenance expenditures incurred to date			<u>(134,045,176)</u>
 Available maintenance funds			 \$ <u>12,855,668</u>
 Cumulative percentage expended for maintenance			 <u>27.37%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2022</u>	<u>Interest Payment</u>
Commercial paper	\$26,167,000	\$ -	\$ -	\$26,167,000	\$196,798

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or

- ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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, 2022, is summarized as follows:

	Street and Road	Specialized Transportation Services	Transit Bus Subsidies	Total
Current year local discretionary expenditures	\$41,508,184	\$191,311	\$1,242,063	\$42,941,558
Less MOE Discretionary in Transit Bus Subsidies	(770,259)	-	-	(770,259)
Less MOE base year requirement	<u>(25,854,722)</u>	<u>(191,311)</u>	<u>(1,029,903)</u>	<u>(27,075,936)</u>
Excess MOE for the year ended June 30, 2022	<u>\$14,883,203</u>	<u>\$ -</u>	<u>\$ 212,160</u>	<u>\$15,095,363</u>

- 13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 \$3,854,824. We selected \$796,221 (20.66%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 procedures 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

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

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 17, 2022.

- xiv. 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.

14. 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.

15. 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.

16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California

_____, 2023

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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 DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SD16A	13001747	Regional Arterial Management Systems	\$ -	\$ 67,600	\$ -	\$ (67,600)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	67,600	-	(67,600)	-	-	
Congestion Relief - Commercial Paper:									
SD70	S00871	Commercial Paper	26,167,000	-	-	-	-	26,167,000	(a)
		Total Congestion Relief - Commercial Paper:	26,167,000	-	-	-	-	26,167,000	
Congestion Relief:									
SD09	AIK.00001	New Walkways	767,294	2,364,029	-	(1,916,078)	-	1,215,245	
SD15	AIH.00001	Installation of City Owned Street Lights	172,731	680,787	-	(398,633)	-	454,885	
SD16A	21004805	Traffic Signals - Modifications/ Modernization	243,756	300,000	-	(155,813)	-	387,943	
SD16A	AIL.00002	Traffic Signal Interconnect Projects	585,590	-	-	(214,062)	-	371,528	
SD16A	AIL.00004	Traffic Signals - Citywide	396,046	1,200,000	-	(1,282,458)	-	313,588	
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	422,086	254,394	-	(610,626)	-	65,854	
		Total SD16A Projects	1,647,478	1,754,394	-	(2,262,959)	-	1,138,913	
SD18	AIL.00001	Traffic Calming	610,841	175,730	-	(113,115)	-	673,456	
		Subtotal Congestion Relief	3,198,344	4,974,940	-	(4,690,785)	-	3,482,499	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
		Congestion Relief balance carried forward	\$ 3,198,344	\$ 4,974,940	\$ -	\$ (4,690,785)	\$ -	\$ 3,482,499	
SD23	ACA.00001	Drainage Projects	1,442,843	1,000,000	-	(2,426,393)	-	16,450	
SD32	S00841	Carroll Canyon Rd Sorrento Valley Road to I-805	170,762	-	-	-	(170,762)	-	(b)(c)
SD34	S00856	El Camino Real Road and Bridge Widening	192,015	-	-	(203,138)	11,123	-	(c)
SD38	S00863	Georgia St Bridge Improvements	-	-	-	(12,313)	12,313	-	(c)
SD49	AIG.00001	Median Installation	274,095	744,327	-	(573,445)	-	444,977	
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	438,591	-	-	(17,270)	-	421,321	
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	-	-	-	(2,254,854)	232,869	(2,021,985)	(c)(d)
SD83	S00851	State Route 163 and Friars Road	-	-	-	(24,911)	24,911	-	(c)
SD90	S00905	SR163/Clairemont Mesa Blvd Interchange	5,388	-	-	-	-	5,388	(e)
		Subtotal Congestion Relief	5,722,038	6,719,267	-	(10,203,109)	110,454	2,348,650	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2022

MPOP ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
		Congestion Relief balance carried forward	\$ 5,722,038	\$ 6,719,267	\$ -	\$ (10,203,109)	\$ 110,454	\$ 2,348,650	
SD96	AID.00005	Street Resurfacing and Reconstruction	578,552	2,521,406	-	(2,823,933)	-	276,025	
SD99	AIE.00001	Bridge Rehabilitation	75,729	635,000	-	(54,129)	-	656,600	
SD102A	S11060	Otay Mesa Truck Route Phase 4	504,217	2,782,568	-	(2,306,383)	-	980,402	
SD129	S00915	University Avenue Mobility	-	-	-	(22,761)	22,761	-	(c)
SD137	S00913	Palm Avenue Roadway Improvements	-	-	-	(92,687)	92,687	-	(b)(c)
SD164	S00880	Miramar Road / I-805 Easterly Ramps	97,595	-	-	(27,599)	(69,996)	-	(b)(c)
SD166	AIA.00001	Minor Bicycle Facilities	625,529	467,102	-	(570,924)	(103,763)	417,944	
SD166	21004803	Minor Bicycle Facilities (Non-Capital)	96,421	600,000	-	(800,184)	103,763	-	
		Total SD166 Projects	721,950	1,067,102	-	(1,371,108)	-	417,944	
SD186	21002143	Administrative Expenses - Finance	-	123,894	-	(110,199)	-	13,695	
SD186	21002273	Administrative Expenses - Engineering	-	241,486	-	(219,435)	-	22,051	
		Total SD186 Projects	-	365,380	-	(329,634)	-	35,746	
		Subtotal Congestion Relief	7,700,081	14,090,723	-	(17,231,343)	155,906	4,715,367	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
		Congestion Relief balance carried forward	<u>\$ 7,700,081</u>	<u>\$ 14,090,723</u>	<u>\$ -</u>	<u>\$ (17,231,343)</u>	<u>\$ 155,906</u>	<u>\$ 4,715,367</u>	
SD188	various	Congestion Relief /Traffic Signal Operations	<u>-</u>	<u>3,283,730</u>	<u>-</u>	<u>(3,283,730)</u>	<u>-</u>	<u>-</u>	
SD200	S14009	SR56 / Euclid Avenue Interchange Phase 2	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
SD209	S00877	Torrey Pines Road Slope Reconstruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,763)</u>	<u>5,763</u>	<u>-</u>	(b)(c)
SD226	S00870	Old Otay Road Westerly	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,386)</u>	<u>3,386</u>	<u>-</u>	(c)
SD235	S15023	Torrey Pine Road Improvement Phase 2	<u>-</u>	<u>-</u>	<u>-</u>	<u>(452)</u>	<u>452</u>	<u>-</u>	(b)(c)
SD237	S00951	Coastal Rail Trail	<u>1,017,630</u>	<u>640,475</u>	<u>-</u>	<u>(132,681)</u>	<u>151,721</u>	<u>1,677,145</u>	(f)
SD245	S16061	Market St-47th St to Euclid Complete St	<u>164,523</u>	<u>1,972,647</u>	<u>-</u>	<u>(1,356,229)</u>	<u>-</u>	<u>780,941</u>	
SD249	S18000	Steamview Drive Improvement Phase 2	<u>249,968</u>	<u>500,000</u>	<u>-</u>	<u>(73,315)</u>	<u>-</u>	<u>676,653</u>	
SD250	S15018	La Media Road Improvements	<u>(24,500)</u>	<u>3,000,000</u>	<u>-</u>	<u>(2,457,920)</u>	<u>-</u>	<u>517,580</u>	
SD252	S18001	University Ave Complete Street Phase 1	<u>(12,249)</u>	<u>425,000</u>	<u>-</u>	<u>(17,975)</u>	<u>24,281</u>	<u>419,057</u>	(f)
SD263	B19020	La Media Impr-Siempre Viva to Truck Rte	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,378)</u>	<u>-</u>	<u>(120,378)</u>	(d)
		Commercial Paper Debt Services	<u>-</u>	<u>196,798</u>	<u>-</u>	<u>(196,798)</u>	<u>-</u>	<u>-</u>	
		Interest income - Congestion Relief 70%	<u>97,403</u>	<u>-</u>	<u>68,104</u>	<u>-</u>	<u>(165,507)</u>	<u>-</u>	(c)
		Total Congestion Relief	<u>9,192,856</u>	<u>24,109,373</u>	<u>68,104</u>	<u>(24,879,970)</u>	<u>176,002</u>	<u>8,666,365</u>	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
Maintenance:									
SD176	Various I/Os	Slurry Seal & Crack Repairs	\$ -	\$ -	\$ -	\$ (2,624,589)	\$ -	\$ (2,624,589)	(d)
SD176	13000768	Maintenance	-	10,851,786	-	(10,851,786)	-	-	
Total SD176 Projects			-	10,851,786	-	(13,476,375)	-	(2,624,589)	
Interest income - Maintenance 30%			-	-	-	-	-	-	
Total Maintenance			-	10,851,786	-	(13,476,375)	-	(2,624,589)	
Total Local Street Improvements			35,359,856	35,028,759	68,104	(38,423,945)	176,002	32,208,776	
Active Transportation:									
SD259	1000530-2018	Move Free SD Education, Encouragement, and Awareness Campaign	(11,360)	32,632	-	(21,272)	-	-	(g)
Total Active Transportation			(11,360)	32,632	-	(21,272)	-	-	
Smart Growth:									
SD253	1000529-2018	Clairemont TOD Design Concepts	(71,804)	64,204	-	(129,625)	-	(137,225)	(h)
SD254	1000527-2018	College Area Smart Growth Study	(155,555)	265,602	-	(233,482)	-	(123,435)	(h)
SD255	5005471	E Street Greenway Master Plan	(19,412)	19,412	-	-	-	-	(g)
SD256	1000525-2018	Mira Mesa Transit Oriented Development Concept Plan	(75,100)	36,379	-	(29,479)	-	(68,200)	(h)
SD257	1000528-2018	University Community Smart Growth Concept Study	(124,707)	110,823	-	(57,855)	-	(71,739)	(h)
Subtotal Smart Growth			(446,578)	496,420	-	(450,441)	-	(400,599)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
		Smart Growth balance carried forward	\$ (446,578)	\$ 496,420	\$ -	\$ (450,441)	\$ -	\$ (400,599)	
SD260	1000493-2018	Downtown Mobility Cycle Way Improvement Phase I & II	(881,045)	1,128,084	-	(384,231)	-	(137,192)	(h)
SD261	5005485	Downtown San Diego Wayfinding Signage - Cycle Network	(49,378)	59,163	-	(38,013)	-	(28,228)	(h)
SD262	5005486	East Village Green Park Phase 1	(6,607)	4,722	-	(4,834)	-	(6,719)	(h)
		Total Smart Growth	(1,383,608)	1,688,389	-	(877,519)	-	(572,738)	
		Environmental Mitigation:							
VO8	1000531-2018	Otay Res Cactus Wren	(27,229)	29,110	-	(16,931)	-	(15,050)	(h)
VO8	1000532-2018	San Pasq Cactus Wren	(32,291)	47,201	-	(54,902)	-	(39,992)	(h)
		Total Environmental Mitigation	(59,520)	76,311	-	(71,833)	-	(55,042)	
		Total <i>TransNet</i> Extension	\$ 33,905,368	\$ 36,826,091	\$ 68,104	\$ (39,394,569)	\$ 176,002	\$ 31,580,996	
		GASB 31 Market Value Adjustment	25,219	-	(227,724)	-	-	(202,505)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 33,930,587	\$ 36,826,091	\$ (159,620)	\$ (39,394,569)	\$ 176,002	\$ 31,378,491	

Notes:

- (a) Proceeds from the Commercial Paper were subsequently transferred as an interfund loan for the West Mission Bay Blvd Bridge Project. The Commercial Paper principal will be returned to SANDAG after the expenditures for this project have been reimbursed by the Federal grant.
- (b) Project is complete.
- (c) City Council approval obtained for the transfer of funds per Resolution R-314515 on December 9, 2022.
- (d) FY23 draws will provide coverage for MPO ID projects with negative balances as of June 30, 2022.
- (e) Inactive Projects per TransNet: SD90 4/30/2024 estimated completion date.
- (f) Prior year expenditures were reclassified to other funding sources or grants in FY22.
- (g) Grant is complete.
- (h) Negative grant balance as of June 30, 2022 covered by grant reimbursement in FY23 or withheld retention to be released when the project is completed.

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SD16A	13001747	Regional Arterial Management Systems	\$ 676,000	\$ -	\$ (676,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>676,000</u>	<u>-</u>	<u>(676,000)</u>	<u>-</u>
Congestion Relief - Commercial Paper:						
SD70	S00871	Commercial paper	<u>26,167,000</u>	<u>-</u>	<u>-</u>	<u>26,167,000</u>
		Total Congestion Relief - Commercial Paper	<u>26,167,000</u>	<u>-</u>	<u>-</u>	<u>26,167,000</u>
Congestion Relief:						
SD09	AIK.00001	New Walkways	<u>14,198,711</u>	<u>(8,383)</u>	<u>(12,975,083)</u>	<u>1,215,245</u>
SD15	AIH.00001	Installation of City Owned Street Lights	<u>3,895,425</u>	<u>(4,702)</u>	<u>(3,435,838)</u>	<u>454,885</u>
SD16A	21004805	Traffic Signals - Modifications/modernization	832,107	-	(444,164)	387,943
SD16A	AIL.00002	Traffic Signal Interconnect Projects	2,539,290	(1,572)	(2,166,190)	371,528
SD16A	AIL.00004	Traffic Signals - Citywide	7,454,404	(4,826)	(7,135,990)	313,588
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	<u>7,999,624</u>	<u>(3,471)</u>	<u>(7,930,299)</u>	<u>65,854</u>
		Total SD16A Projects	<u>18,825,425</u>	<u>(9,869)</u>	<u>(17,676,643)</u>	<u>1,138,913</u>
SD18	AIL.00001	Traffic Calming	<u>5,025,798</u>	<u>(2,224)</u>	<u>(4,350,118)</u>	<u>673,456</u>
		Subtotal Congestion Relief	<u>41,945,359</u>	<u>(25,178)</u>	<u>(38,437,682)</u>	<u>3,482,499</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
		Congestion Relief balance carried forward	\$ 41,945,359	\$ (25,178)	\$ (38,437,682)	\$ 3,482,499
SD23	ACA.00001	Drainage Projects	13,869,512	(1,690)	(13,851,372)	16,450
SD32	S00841	Carroll Canyon Rd Sorrento Valley Road to I-805	-	-	-	-
SD34	S00856	El Camino Real Road and Bridge Widening	836,313	2,965	(839,278)	-
SD38	S00863	Georgia St Bridge Improvements	2,469,835	916	(2,470,751)	-
SD49	AIG.00001	Median Installation	4,901,046	(4,375)	(4,451,694)	444,977
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	1,319,652	1,817	(900,148)	421,321
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	2,428,198	(1,394)	(4,448,789)	(2,021,985)
SD83	S00851	State Route 163 and Friars Road	31,600,527	(27,402)	(31,573,125)	-
SD90	S00905	SR163/Clairemont Mesa Blvd Interchange	8,323,823	(10,234)	(8,308,201)	5,388
SD96	AID.00005	Street Resurfacing and Reconstruction	34,547,554	-	(34,271,529)	276,025
		Subtotal Congestion Relief	142,241,819	(64,575)	(139,552,569)	2,624,675

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
		Congestion Relief balance carried forward	\$ 142,241,819	\$ (64,575)	\$ (139,552,569)	\$ 2,624,675
SD99	AIE.00001	Bridge Rehabilitation	3,729,752	(492)	(3,072,660)	656,600
SD102A	S11060	Otay Mesa Truck Route Phase 4	8,397,326	-	(7,416,924)	980,402
SD106	S00839	Mission Beach Boardwalk Bulkhead	487,762	-	(487,762)	-
SD129	S00915	University Avenue Mobility	1,774,530	(1,380)	(1,773,150)	-
SD137	S00913	Palm Avenue Roadway Improvements	4,460,051	(1,627)	(4,458,424)	-
SD164	S00880	Miramar Road / I-805 Easterly Ramps	90,874	15,385	(106,259)	-
SD166	AIA.00001	Minor Bicycle Facilities	2,832,042	(171)	(2,413,927)	417,944
SD166	21004803	Minor Bicycle Facilities (Non-Capital)	803,763	-	(803,763)	-
		Total SD166 Projects	3,635,805	(171)	(3,217,690)	417,944
SD186	21002143	Administrative Expenses - Comptrollers	1,244,455	2,320	(1,233,080)	13,695
SD186	21002273	Administrative Expenses - Engineering	2,513,706	431	(2,492,086)	22,051
		Total SD186 Projects	3,758,161	2,751	(3,725,166)	35,746
		Subtotal Congestion Relief	168,576,080	(50,109)	(163,810,604)	4,715,367

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
		Congestion Relief balance carried forward	\$ 168,576,080	\$ (50,109)	\$ (163,810,604)	\$ 4,715,367
SD188	various	Congestion Relief /Traffic Signal Operations	32,150,164	39,944	(32,190,108)	-
SD200	S14009	SR56 / Euclid Avenue Interchange Phase 2	3,091,842	-	(3,091,842)	-
SD209	S00877	Torrey Pines Road Slope Reconstruction	1,161,754	18,448	(1,180,202)	-
SD226	S00870	Old Otay Mesa Road - Westerly	9,695,312	10,213	(9,705,525)	-
SD235	S15023	Torrey Pine Road Improvement Phase 2	1,538,753	108,738	(1,647,491)	-
SD237	S00951	Coastal Rail Trail	3,490,475	-	(1,813,330)	1,677,145
SD245	S16061	Market St-47th St to Euclid Complete St	5,025,875	-	(4,244,934)	780,941
SD249	S18000	Steamview Drive Improvement Phase 2	1,510,000	-	(833,347)	676,653
SD250	S15018	La Media Road Improvements	3,000,000	-	(2,482,420)	517,580
SD252	S18001	University Ave Complete Street Phase 1	875,000	-	(455,943)	419,057
SD263	B19020	La Media Impr-Siempre Viva to Truck Rte	-	-	(120,378)	(120,378)
		Commercial Paper Debt Services	339,366	-	(339,366)	-
		Interest Income - Congestion Relief	(165,507)	165,507	-	-
		Total Congestion Relief	230,289,114	292,741	(221,915,490)	8,666,365

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
Maintenance:						
SD176	Various I/Os	Slurry Seal & Crack Repairs	\$ -	\$ -	\$ (2,624,589)	\$ (2,624,589)
SD176	13000768	Maintenance	<u>125,370,187</u>	<u>-</u>	<u>(125,370,187)</u>	<u>-</u>
Total SD176 Projects			<u>125,370,187</u>	<u>-</u>	<u>(127,994,776)</u>	<u>(2,624,589)</u>
Interest Income - Maintenance			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Maintenance			<u>125,370,187</u>	<u>-</u>	<u>(127,994,776)</u>	<u>(2,624,589)</u>
Total Local Street Improvements			<u>382,502,301</u>	<u>292,741</u>	<u>(350,586,266)</u>	<u>32,208,776</u>
Active Transportation:						
SD259	1000530-2018	Move Free SD Education, Encouragement, and Awareness Campaign	<u>124,998</u>	<u>-</u>	<u>(124,998)</u>	<u>-</u>
Total Active Transportation			<u>124,998</u>	<u>-</u>	<u>(124,998)</u>	<u>-</u>
Smart Growth:						
SD253	1000529-2018	Clairemont TOD Design Concepts	354,728	-	(491,953)	(137,225)
SD254	1000527-2018	College Area Smart Growth Study	376,379	-	(499,814)	(123,435)
SD255	5005471	E Street Greenway Master Plan	94,997	-	(94,997)	-
SD256	1000525-2018	Mira Mesa Transit Oriented Development Concept Plan	431,800	-	(500,000)	(68,200)
SD257	1000528-2018	University Community Smart Growth Concept Study	428,253	-	(499,992)	(71,739)
SD260	1000493-2018	Downtown Mobility Cycle Way Improvement Phase I & II	2,362,809	-	(2,500,001)	(137,192)
SD261	5005485	Downtown San Diego Wayfinding Signage Cycle Network	127,179	-	(155,407)	(28,228)
SD262	5005486	East Village Green Park Phase 1	<u>49,606</u>	<u>-</u>	<u>(56,325)</u>	<u>(6,719)</u>
Total Smart Growth			<u>4,225,751</u>	<u>-</u>	<u>(4,798,489)</u>	<u>(572,738)</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
		Environmental Mitigation:				
V08	1000531-2018	Otay Res Cactus When	\$ 67,066	\$ -	\$ (82,116)	\$ (15,050)
V08	1000532-2018	San Pasq Cactus Wren	64,900	-	(104,892)	(39,992)
		Total Environmental Mitigation	<u>131,966</u>	<u>-</u>	<u>(187,008)</u>	<u>(55,042)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>386,985,016</u>	<u>292,741</u>	<u>(355,696,761)</u>	<u>31,580,996</u>
		Completed Projects:				
		Major Corridor	3,774,000	35,001	(3,809,001)	-
		LSI-Congestion Relief	61,536,808	4,039	(61,540,847)	-
		LSI-Maintenance	6,050,400	-	(6,050,400)	-
		Bikes and Pedestrian	1,543,659	-	(1,543,659)	-
		Smart Growth	6,380,858	-	(6,380,858)	-
		Environmental Mitigation	356,304	-	(356,304)	-
		Total Completed Projects	<u>79,642,029</u>	<u>39,040</u>	<u>(79,681,069)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 466,627,045</u>	<u>\$ 331,781</u>	<u>\$ (435,377,830)</u>	<u>\$ 31,580,996</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2022

Project Year	Last Date to Spend funds	MPO ID	Cumulative							Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed June 30, 2022	Cumulative Status		
								June 30, 2022	June 30, 2021	
For Fiscal Year ended June 30, 2015	June 30, 2022	various	\$ 4,291,606	\$ 48,891	\$ (4,340,497)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2016	June 30, 2023	various	8,067,505	222,436	(8,289,941)	-	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	various	6,897,302	140,438	(7,037,740)	-	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	various	6,311,935	130,648	(5,343,128)	(14,984)	1,084,471	1,084,471	4,954,279	(a)
For Fiscal Year ended June 30, 2019	June 30, 2026	various	5,300,604	-	-	-	5,300,604	5,300,604	5,300,604	
For Fiscal Year ended June 30, 2020	June 30, 2027	various	4,563,070	-	-	-	4,563,070	4,563,070	4,563,070	
For Fiscal Year ended June 30, 2021	June 30, 2028	various	7,643,260	-	-	-	7,643,260	7,643,260	7,643,260	
For Fiscal Year ended June 30, 2022	June 30, 2029	various	9,466,104	-	-	-	6,196,932	9,466,104	-	
Interest Income			-	1,436,974	-	-	-	1,436,974	1,227,706	
Total RTCIP Funds			\$ 52,541,386	\$ 1,979,387	\$ (25,011,306)	\$ (14,984)	\$ 24,788,337	\$ 29,494,483	\$ 23,688,919	

Notes:

(a) An adjustment of \$14,984 corrects an overstatement of cumulative available fund balance during FY2018.

CITY OF SAN MARCOS, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of San Marcos, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 less debt service in the amount of \$542,220. We selected \$328,600 (60.60%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.
- Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.
- Results: This procedure is not applicable as there were no payroll expenditures incurred within projects included in the RTIP.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect

cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to 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 made during FY22.

- 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, 2023.

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: There was one project that has been inactive over the past two years. The City indicated that for project SM48 "additional spending and drawdowns are expected through FY24 to complete the project." The status of this project has been added to Schedule A.

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

Results: SANDAG approved the reason for the inactivity on November 23, 2022.

- 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 ended June 30, 2022.

- 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 Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments present on Schedule A for the fiscal year ended June 30, 2022.

- 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 project status 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 2022 apportionment	\$3,047,650
Less: debt service payment	<u>(630,946)</u>
Net estimated apportionment	2,416,704
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>725,011</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	374,395
Maintenance fund balance	<u>23,208</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>397,603</u>
Fund balance under apportionment	<u>\$ 327,408</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$374,395	\$5,157,711	\$5,532,106
Maintenance	<u>23,208</u>	<u>5,565,568</u>	<u>5,588,776</u>
Totals	<u>\$397,603</u>	<u>\$10,723,279</u>	<u>\$11,120,882</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 7.99% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$32,282,095	\$4,397,645	\$36,679,740
Maintenance	3,738,035	5,248,418	8,986,453
Interest	<u>41,205</u>	<u>1,077,216</u>	<u>1,118,421</u>
 Total local street and road revenue	 <u>\$36,061,335</u>	 <u>\$10,723,279</u>	 <u>\$46,784,614</u>
 30% of total local street and road revenue			 \$14,035,384
Less maintenance expenditures incurred to date			<u>(3,738,035)</u>
 Available maintenance funds			 <u>\$10,297,349</u>
 Cumulative percentage expended for maintenance			 <u>7.99%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below.

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2022</u>	<u>Interest Payments</u>
2010 Series A Bonds	\$15,139,627	\$ -	\$ -	\$15,139,627	\$599,402
2019 Series A Bonds	1,025,000	-	-	1,025,000	31,544

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or

- ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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 not in compliance with the MOE requirement. The City did have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2022, is summarized as follows:

Current year local discretionary expenditures	\$4,853,444
Less MOE base year requirement	(4,893,432)
Less Prior Year shortfall	<u>(589,197)</u>
 Amount over (under) MOE requirement for the year ended June 30, 2022	 <u><u>\$(629,185)</u></u>

- 13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 \$3,822,408. We selected \$792,187 (20.72%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not have payroll expenditures that exceeded 20% of total RTCIP expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 13, 2022.

- xiv. 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.

14. 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.

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

Results: The prior year report included a finding related to the City failing to meet its MOE requirement for Streets and Roads. The current year testing of the MOE Requirement (procedure 12) also resulted in a finding. See the Findings and Recommendations section of the report for further detail.

16. 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 the report.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
XXXX, 2023

CITY OF SAN MARCOS, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2022

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

The City did not meet its MOE requirement for Streets and Roads, which included a shortfall from the Prior Year, as follows:

Current year local discretionary expenditures	\$4,853,444
Less MOE base year requirement	(4,893,432)
Less Prior Year shortfall	<u>(589,197)</u>
Amount over (under) MOE requirement for the year ended June 30, 2022	<u>\$(629,185)</u>

TransNet Extension Ordinance Section 8 states in part:

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

Recommendation

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

Management Response

In accordance with Section 8 of the *TransNet* Extension Ordinance, the City of San Marcos requested on March 1, 2022 and the commission reviewed and approved a request to allow the City to make up the FY21 shortfall of \$589,197 by June 30, 2024. During FY22, the City made every effort to increase activity to offset the maintenance project delays due to COVID-19 impacts. However, an FY22 shortfall of \$39,988 resulting from incremental project progress as remnants of project interruptions due to COVID-19 continued during the subsequent fiscal year. The City continues to appropriate additional discretionary funds in FY23 and FY24 to allow the City to meet its MOE requirements and eliminate the reported shortfall. In accordance with Section 8 of the *TransNet* Extension Ordinance, the City of San Marcos will request that the commission review and approve a request to allow the City to make up the FY22 shortfall by June 30, 2025.

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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 MARCOS, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
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:									
SM22	88179	South Santa Fe from Bosstick to Smilax	(3,341)	17,382	-	(36,719)	-	(22,678)	(a)
SM31	88265	Discovery Street Improvements	1	-	-	-	-	1	
SM32	88264	Via Vera Cruz Bridge and Street Improvement	(46,312)	700,067	-	-	-	653,755	
SM48	88505	SM Creek Specific Plan	54	-	-	-	-	54	(b)
SM56	88263	Bent Ave Bridge and Street Improvement	87,400	-	-	-	-	87,400	
SM59	86009	Annual Street Overlay Project	27	-	-	-	-	27	
SM63	TR001	Rancho Santa Fe and Grandon Traffic Signal Mod	(128,347)	252,152	-	(125,045)	-	(1,240)	(a)
SM67	86002	San Marcos Blvd at Discovery St	(113,166)	-	-	(236,833)	-	(349,999)	(c)
SM68	88532	Traffic Management System Enhancement	(46,312)	170,029	-	(132,823)	-	(9,106)	(a)
		2010 Series A Bonds Debt Service	-	599,402	-	(599,402)	-	-	
		2019 Series A Bonds	-	31,544	-	(31,544)	-	-	
		Subtotal Congestion Relief	(249,996)	1,770,576	-	(1,162,366)	-	358,214	
		Interest Income	13,890	-	2,291	-	-	16,181	
		Total Congestion Relief	(236,106)	1,770,576	2,291	(1,162,366)	-	374,395	
Maintenance:									
SM71	TR006	Cycle Track on TOVR near Double Peak K-8	-	-	-	-	-	-	(d)
		Interest Income	22,226	-	982	-	-	23,208	
		Total Maintenance	22,226	-	982	-	-	23,208	
		Total Local Street Improvements	(213,880)	1,781,376	3,273	(1,173,166)	-	397,603	
		Total <i>TransNet</i> Extension	\$ (213,880)	\$ 1,781,376	\$ 3,273	\$ (1,173,166)	\$ -	\$ 397,603	

(Continued)

CITY OF SAN MARCOS, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2021</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2022</u>	<u>Notes</u>
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Notes:

- (a) The City will request drawdown from programmed funds in FY23.
- (b) This project (SM48) has been inactive over the past two years, but additional spending and drawdowns are expected through FY24 to complete the project.
- (c) This is currently a future project in ProjectTrak. Once a formal amendment is opened and the project updated, a drawdown will occur.
- (d) Project is estimated to be completed in FY23.

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SCHEDULE B

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

<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, 2022</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SM54	N/A	Regional Arterial Management Systems	\$ 97,200	\$ -	\$ (97,200)	\$ -
		Total Congestion Relief - Pass-Through	<u>97,200</u>	<u>-</u>	<u>(97,200)</u>	<u>-</u>
Congestion Relief:						
SM22	88179	South Santa Fe from Bosstick to Smilax	159,185	-	(181,863)	(22,678)
SM31	88265	Discovery Street Improvements	3,954,800	-	(3,954,799)	1
SM32	88264	Via Vera Cruz Bridge and Street Improvement	2,431,529	-	(1,777,774)	653,755
SM48	88505	SM Creek Specific Plan	2,771,657	-	(2,771,603)	54
SM56	88263	Bent Ave Bridge and Street Improvement	1,324,723	-	(1,237,323)	87,400
SM59	86009	Annual Street Overlay Project	138,527	-	(138,500)	27
SM63	TR001	Rancho Santa Fe and Grandon Traffic Signal Mod	255,167	-	(256,407)	(1,240)
SM67	86002	San Marcos Blvd at Discovery St	-	-	(349,999)	(349,999)
SM68	88532	Traffic Management System Enhancement	808,324	-	(817,430)	(9,106)
		2010 Series A Bonds Debt Service	6,907,008	-	(6,907,008)	-
		2019 Series A Bonds	<u>79,891</u>	<u>-</u>	<u>(79,891)</u>	<u>-</u>
		Subtotal Congestion Relief	18,830,811	-	(18,472,597)	358,214
		Interest Income	<u>-</u>	<u>16,181</u>	<u>-</u>	<u>16,181</u>
		Total Congestion Relief	<u>18,830,811</u>	<u>16,181</u>	<u>(18,472,597)</u>	<u>374,395</u>
Maintenance:						
SM71	TR006	Cycle Track on TOVR near Double Peak K-8	<u>14,331</u>	<u>-</u>	<u>(14,331)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>23,208</u>	<u>-</u>	<u>23,208</u>
		Total Maintenance	<u>14,331</u>	<u>23,208</u>	<u>(14,331)</u>	<u>23,208</u>
		Total Local Street Improvements	<u>18,942,342</u>	<u>39,389</u>	<u>(18,584,128)</u>	<u>397,603</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>18,942,342</u>	<u>39,389</u>	<u>(18,584,128)</u>	<u>397,603</u>

(Continued)

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
		Completed projects:				
		Congestion Relief	\$ 13,354,084	\$ 148	\$ (13,354,232)	\$ -
		Maintenance	3,723,704	-	(3,723,704)	-
		Bikes and Pedestrian	948,941	1,668	(950,609)	-
		Senior Mini-Grant	34,992	-	(34,992)	-
		Smart Growth	1,000,000	-	(1,000,000)	-
		Total Completed Projects	<u>19,061,721</u>	<u>1,816</u>	<u>(19,063,537)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 38,004,063</u>	<u>\$ 41,205</u>	<u>\$ (37,647,665)</u>	<u>\$ 397,603</u>

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SCHEDULE C

CITY OF SAN MARCOS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed June 30, 2022	June 30, 2022	June 30, 2021
For Fiscal Year ended June 30, 2015	June 30, 2022	SM31/SM42	\$ 166,795	\$ 991	\$ (167,786)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2016	June 30, 2023	SM31/SM42	364,168	-	(364,168)	-	-	-	343,851
For Fiscal Year ended June 30, 2017	June 30, 2024	SM31/SM42	874,955	-	(874,955)	-	-	-	874,955
For Fiscal Year ended June 30, 2018	June 30, 2025	SM31/SM42	1,345,318	-	(1,345,318)	-	-	-	1,345,318
For Fiscal Year ended June 30, 2019	June 30, 2026	SM31/SM42	466,033	-	(466,033)	-	-	-	466,033
For Fiscal Year ended June 30, 2020	June 30, 2027	SM31/SM42	890,385	-	(792,251)	-	-	98,134	890,385
For Fiscal Year ended June 30, 2021	June 30, 2028		328,796	-	-	-	-	328,796	328,796
For Fiscal Year ended June 30, 2022	June 30, 2029		1,047,857	-	-	-	-	1,047,857	-
Interest Income			-	391,236	-	-	-	391,236	357,184
Total RTCIP Funds			\$ 5,484,307	\$ 392,227	\$ (4,010,511)	\$ -	\$ -	\$ 1,866,023	\$ 4,606,522

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CITY OF SANTEE, CALIFORNIA

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

Year Ended June 30, 2022

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Santee, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 less debt service in the amount of \$1,050,791. We selected \$852,993 (81.18%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of total dollar amount of *TransNet* expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2022. The City charges indirect costs at the rate of 22.3% of direct salary and benefit costs associated with each project. The City allocated a total of \$16,938 of indirect costs in the RTIP, resulting in 0.52% of indirect costs compared to total project expenditures. We then extrapolated this percentage to calculate total TransNet indirect costs of \$5,460. The City does not have a formal written indirect cost plan. The City's indirect cost allocation is reviewed internally and updated annually. The City's indirect cost allocation has not been reviewed by a federal or state agency or audited by an independent certified public accounting firm. 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: This procedure is not applicable as there were no adjustments included within Schedule A in FY22.

- 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, 2023.

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 with 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 with 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 there was no non-*TransNet* activity on Schedule A in FY22.

- 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 Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included within Schedule A in FY22.

- 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 project status 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 2022 apportionment	\$1,896,887
Less: debt service payment	<u>(796,182)</u>
Net estimated apportionment	1,100,706
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>330,212</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(37,836)
Maintenance fund balance	<u>(25,206)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(63,042)</u>
Fund balance under apportionment	<u>\$393,254</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are reflected on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(37,836)	\$(798,562)	\$(836,398)
Maintenance	<u>(25,206)</u>	<u>2,149,820</u>	<u>2,124,614</u>
Totals	<u>\$(63,042)</u>	<u>\$1,351,258</u>	<u>\$1,288,216</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 10.33% of cumulative local street and road revenue for maintenance as indicated on the following page:

	City	SANDAG	Total
Congestion relief	\$33,142,083	\$(985,541)	\$32,156,542
Maintenance	3,945,504	2,083,376	6,028,880
Interest	<u>2,752</u>	<u>253,335</u>	<u>256,087</u>
Total local street and road revenue	<u>\$37,090,339</u>	<u>\$1,351,170</u>	<u>\$38,441,509</u>
30% of total local street and road revenue			\$11,532,453
Less maintenance expenditures incurred to date			<u>(3,971,977)</u>
Available maintenance funds			<u>\$ 7,560,476</u>
Cumulative percentage expended for maintenance			<u>10.33%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2021	Additions	Principal Payments	Balance June 30, 2022	Interest and Other Adjustments
2014 Bonds	\$620,000	\$ -	\$(195,000)	\$425,000	\$27,489
2020 Bonds	3,625,000	87,500	(330,000)	3,295,000	172,600
2021 Bonds	<u>2,870,000</u>	<u>-</u>	<u>-</u>	<u>2,870,000</u>	<u>63,584</u>
Total	<u>\$7,115,000</u>	<u>-</u>	<u>\$(525,000)</u>	<u>\$6,590,000</u>	<u>\$263,673</u>

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$1,713,883
Less MOE base year requirement	<u>(658,301)</u>
Excess MOE for the year ended June 30, 2022	<u>\$1,055,582</u>

13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.
- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.
- Results: No exceptions were noted as a result of our procedures.
- v. 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 \$98,752. We selected \$84,214 (85.28%) for testing. No exceptions were noted as a result of our procedures.
- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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: No exceptions were noted as a result of our procedures.
- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP expenditures allocated to payroll.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 28, 2022.

- xiv. 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.

14. 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.

15. 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.

16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
XXXX, 2023

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2021 through June 30, 2022.

“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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“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 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 Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SNT20		Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
SNT04	2021-02	Citywide Pavement Repair & Rehab 2021	(15,212)	321,250	-	(306,038)	-	-	(a)
SNT04	2022-01	Citywide Pavement Repair & Rehab 2022	-	28,249	-	(66,144)	-	(37,895)	(b)
		Subtotal SNT04	(15,212)	349,499	-	(372,182)	-	(37,895)	
SNT28	2022-03	Pavement Condition Report	-	70,000	-	(70,000)	-	-	(a)
		2014 Bonds Debt Service	-	225,086	-	(225,086)	-	-	
		2020 Bonds Debt Service	-	507,600	-	(507,600)	-	-	
		2021 Bonds Debt Service	-	63,584	-	(63,584)	-	-	
		Interest Income	-	-	59	-	-	59	
		Total Congestion Relief	(15,212)	1,215,769	59	(1,238,452)	-	(37,836)	
Maintenance:									
SNT22	2021-03	Citywide Slurry Seal & Roadway Maintenance 2021	979	573,111	-	(575,000)	-	(910)	(b)
SNT22	2022-02	Citywide Slurry Seal & Roadway Maintenance 2022	-	1,888	-	(17,733)	-	(15,845)	(b)
SNT22	2022-07	Citywide Crack Sealing Program 2022	-	-	-	(8,383)	-	(8,383)	(b)
SNT22	2023-04	Citywide Crack Sealing Program 2023	-	-	-	(93)	-	(93)	(b)
		Subtotal SNT22	979	574,999	-	(601,209)	-	(25,231)	
		Interest Income	-	-	25	-	-	25	
		Total Maintenance	979	574,999	25	(601,209)	-	(25,206)	

(Continued)

SCHEDULE A

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2021</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2022</u>	<u>Notes</u>
		Total Local Street Improvements	\$ (14,233)	\$ 1,798,168	\$ 84	\$ (1,847,061)	\$ -	\$ (63,042)	
		Total <i>TransNet</i> Extension	(14,233)	1,798,168	84	(1,847,061)	-	(63,042)	
		GASB 31 Market Value Adjustment	2	-	(4)	-	-	(2)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (14,231)	\$ 1,798,168	\$ 80	\$ (1,847,061)	\$ -	\$ (63,044)	

Notes:

- (a) Completed project.
- (b) Funding for this project will be drawn down in FY 2022-23.

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SCHEDULE B

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

<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, 2022</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass Through:						
SNT20		Regional Arterial Management Systems	\$ 74,000	\$ -	\$ (74,000)	\$ -
		Total Congestion Relief - Pass Through	<u>74,000</u>	<u>-</u>	<u>(74,000)</u>	<u>-</u>
Congestion Relief:						
SNT04	2021-02	Citywide Pavement Repair & Rehab 2021	345,421	17	(345,438)	-
SNT04	2022-01	Citywide Pavement Repair & Rehab 2022	<u>28,249</u>	<u>-</u>	<u>(66,144)</u>	<u>(37,895)</u>
		Subtotal SNT04	<u>373,670</u>	<u>17</u>	<u>(411,582)</u>	<u>(37,895)</u>
SNT28	2022-03	Pavement Condition Report	<u>70,000</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>
		2014 Bonds Debt Service	2,400,511	-	(2,400,511)	-
		2020 Bonds Debt Service	1,157,698	-	(1,157,698)	-
		2021 Bonds Debt Service	<u>79,854</u>	<u>-</u>	<u>(79,854)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>
		Total Congestion Relief	<u>4,081,733</u>	<u>76</u>	<u>(4,119,645)</u>	<u>(37,836)</u>
Maintenance:						
SNT22	2021-03	Citywide Slurry Seal & Roadway Maintenance 2021	574,090	-	(575,000)	(910)
SNT22	2022-02	Citywide Slurry Seal & Roadway Maintenance 2022	1,888	-	(17,733)	(15,845)
SNT22	2022-07	Citywide Crack Sealing Program 2022	-	-	(8,383)	(8,383)
SNT22	2023-04	Citywide Crack Sealing Program 2023	<u>-</u>	<u>-</u>	<u>(93)</u>	<u>(93)</u>
		Subtotal SNT22	<u>575,978</u>	<u>-</u>	<u>(601,209)</u>	<u>(25,231)</u>
		Interest Income	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>
		Total Maintenance	<u>575,978</u>	<u>25</u>	<u>(601,209)</u>	<u>(25,206)</u>
		Total Local Street Improvements	<u>4,731,711</u>	<u>101</u>	<u>(4,794,854)</u>	<u>(63,042)</u>

(Continued)

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
		Completed Projects				
		LSI - Congestion Relief	\$ 19,356,956	\$ 1,409	\$ (19,358,365)	\$ -
		LSI - Maintenance	3,369,526	1,242	(3,370,768)	-
		Commercial Paper Debt Service	9,629,394	-	(9,629,394)	-
		Bikes and Pedestrian	423,141	-	(423,141)	-
		Total Completed Projects	32,779,017	2,651	(32,781,668)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 37,510,728	\$ 2,752	\$ (37,576,522)	\$ (63,042)

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CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Funds Committed at June 30, 2022		Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021	June 30, 2021		
For Fiscal Year ended June 30, 2015	June 30, 2022	SNT23, SNT26	\$ 106,441	\$ 637	\$ (107,078)	\$ -	\$ -	\$ -	\$ -			
For Fiscal Year ended June 30, 2016	June 30, 2023	SNT23, SNT26	275,865	-	(275,865)	-	-	-	-			
For Fiscal Year ended June 30, 2017	June 30, 2024	SNT23, SNT26	228,629	-	(228,629)	-	-	-	-			
For Fiscal Year ended June 30, 2018	June 30, 2025	SNT23, SNT26	1,079,459	-	(152,852)	(38,182)	-	888,425	987,177	(a)		
For Fiscal Year ended June 30, 2019	June 30, 2026		255,798	-	-	-	-	255,798	255,798			
For Fiscal Year ended June 30, 2020	June 30, 2027		672,284	-	-	-	-	672,284	672,284			
For Fiscal Year ended June 30, 2021	June 30, 2028		258,688	-	-	-	-	258,688	258,688			
For Fiscal Year ended June 30, 2022	June 30, 2029		301,308	-	-	-	-	301,308	-			
Interest Income			-	73,094	-	-	-	73,094	114,338			
Total RTCIP Funds			\$ 3,178,472	\$ 73,731	\$ (764,424)	\$ (38,182)	\$ -	\$ 2,449,597	\$ 2,288,285			

Notes:

(a) Adjustment made in FY19 to correct FY18 revenue incorrectly reported in the RTCIP fund in error.

CITY OF SOLANA BEACH, CALIFORNIA

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

Year Ended June 30, 2022

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Solana Beach, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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: This procedure is not applicable as there was no interest income reported in Schedule A or within the general ledger for FY22.

- 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 income reported in Schedule A or within the general ledger for FY22.

- 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 less debt service in the amount of \$112,082. We selected \$53,258 (47.52%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.
- Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.
- Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects in FY22.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect

cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included within 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 included within Schedule A for FY22.

- 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 projects with balances remaining.

- 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, 2023.

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.

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

Results: This procedure is not applicable as there were no inactive projects.

- 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 Adjustments 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 that were required to be on Schedule B.

- 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 project status 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 2022 apportionment	\$558,143
Less: debt service payment	<u>(217,754)</u>
Net estimated apportionment	340,389
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>102,117</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(131,456)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(131,456)</u>
Fund balance under apportionment	<u>\$233,573</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(131,456)	\$(527,371)	\$(658,827)
Maintenance	<u>-</u>	<u>1,583,554</u>	<u>1,583,554</u>
Totals	<u>\$(131,456)</u>	<u>\$ 1,056,183</u>	<u>\$924,727</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 2.42% 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	\$10,620,608	\$(641,312)	\$9,979,296
Maintenance	289,587	1,538,365	1,827,952
Interest	<u>4,279</u>	<u>159,130</u>	<u>163,409</u>
Total local street and road revenue	<u>\$10,914,474</u>	<u>\$ 1,056,183</u>	<u>\$11,970,657</u>
30% of total local street and road revenue			\$3,591,197
Less maintenance expenditures incurred to date			<u>(289,587)</u>
Available maintenance funds			<u>\$3,301,610</u>
Cumulative percentage expended for maintenance			<u>2.42%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2022</u>	<u>Interest Payments</u>
2010 Series A Bonds	\$5,500,000	\$ -	\$ -	\$5,500,000	\$217,754

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.

- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$1,670,838
Less MOE base year requirement	<u>(535,585)</u>
Excess MOE for the year ended June 30, 2022	<u>\$1,135,253</u>

13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed

in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: This procedure is not applicable as the City expended fees within seven years.

- v. 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 incur RTCIP expenditures for the fiscal year ending June 30, 2022.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 incur RTCIP expenditures for the fiscal year ending June 30, 2022.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2022.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 10, 2022.

- xiv. 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.

- 14. 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.

- 15. 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.

- 16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
XXXX, 2023

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GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2020 through June 30, 2021.

“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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“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 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 SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
		TransNet Extension:							
		Local Street Improvements:							
		Congestion Relief:							
SB16	9362.17	Annual Pavement Management	\$ (1,830)	\$ 1,830	\$ -	\$ -	\$ -	\$ -	(a)
SB16	9362.21	Annual Pavement Management	(23,846)	19,100	-	-	-	(4,746)	(b)
SB16	9362.22	Annual Pavement Management	-	-	-	(56,900)	-	(56,900)	(b)
		Total SB16 Projects	(25,676)	20,930	-	(56,900)	-	(61,646)	
SB19	9382.01	Lomas Santa Fe Corridor Study II	(2,500)	2,500	-	-	-	-	(a)
SB19	9382.03	Lomas Santa Fe Corridor Study III	(60,254)	42,350	-	(6,091)	-	(23,995)	(b)
		Total SB19 Projects	(62,754)	44,850	-	(6,091)	-	(23,995)	
SB21	9525.00	Santa Helena Roadside Park	-	-	-	(17,020)	-	(17,020)	(b)
SB21	9538.21	Sidewalks and Associated Street Improvements At Various Locations - Incl. Safe Routes to SchoolLocal Match	(581)	-	-	(32,071)	-	(32,652)	(b)
		Total SB21 Projects	(581)	-	-	(49,091)	-	(49,672)	
		2010 Series A Bonds	-	217,754	-	(217,754)	-	-	
		Interest Income	3,857	-	-	-	-	3,857	
		Total Congestion Relief	(85,154)	283,534	-	(329,836)	-	(131,456)	
		Maintenance:							
SB18		Pavement Maintenance	-	-	-	-	-	-	(c)
		Total Maintenance	-	-	-	-	-	-	
		Total Local Street Improvements	(85,154)	283,534	-	(329,836)	-	(131,456)	

(Continued)

SCHEDULE A

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2021</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2022</u>	<u>Notes</u>
		Total <i>TransNet</i> Extension	\$ (85,154)	\$ 283,534	\$ -	\$ (329,836)	\$ -	\$ (131,456)	
		GASB 31 Fair Market Value Adjustment	-	-	-	-	-	-	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (85,154)	\$ 283,534	\$ -	\$ (329,836)	\$ -	\$ (131,456)	

Notes:

- (a) Project Complete.
- (b) To clear the deficit balance, the City will request a drawdown in FY 22-23.
- (c) Project expected to resume in FY 23.

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SCHEDULE B

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

<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, 2022</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SB16	9362.17	Annual Pavement Management	\$ 418,322	\$ -	\$ (418,322)	\$ -
SB16	9362.21	Annual Pavement Management	89,100	-	(93,846)	(4,746)
SB16	9362.22	Annual Pavement Management	-	-	(56,900)	(56,900)
		Total SB16 Projects	<u>507,422</u>	-	<u>(569,068)</u>	<u>(61,646)</u>
SB19	9382.01	Lomas Santa Fe Corridor Study II	2,500	-	(2,500)	-
SB19	9382.03	Lomas Santa Fe Corridor Study III	42,350	-	(66,345)	(23,995)
		Total SB19 Projects	<u>44,850</u>	-	<u>(68,845)</u>	<u>(23,995)</u>
SB21	9525.00	Santa Helena Roadside Park	-	-	(17,020)	(17,020)
SB21	9538.21	Sidewalks and Associated Street Improvements At Various Locations	-	-	(32,652)	(32,652)
		Total SB21 Projects	<u>-</u>	<u>-</u>	<u>(49,672)</u>	<u>(49,672)</u>
		2010 Series A Bonds	<u>2,581,763</u>	-	<u>(2,581,763)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>3,857</u>	<u>-</u>	<u>3,857</u>
		Total Congestion Relief	<u>3,134,035</u>	<u>3,857</u>	<u>(3,269,348)</u>	<u>(131,456)</u>
Maintenance:						
SB18		Pavement Maintenance	<u>125,350</u>	-	<u>(125,350)</u>	<u>-</u>
		Total Maintenance	<u>125,350</u>	<u>-</u>	<u>(125,350)</u>	<u>-</u>
		Total Local Street Improvements	<u>3,259,385</u>	<u>3,857</u>	<u>(3,394,698)</u>	<u>(131,456)</u>

(Continued)

SCHEDULE B

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
		Subtotal Cumulative <i>TransNet</i> Extension	\$ 3,259,385	\$ 3,857	\$ (3,394,698)	\$ (131,456)
		Completed Projects				
		LSI - Congestion Relief	7,486,573	422	(7,486,995)	-
		LSI - Maintenance	164,237	-	(164,237)	-
		Bikes and Pedestrian	135,986	-	(135,986)	-
		Pavement Maintenance	125,350	-	(125,350)	-
		Total Completed Projects	7,912,146	422	(7,912,568)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 11,171,531	\$ 4,279	\$ (11,307,266)	\$ (131,456)

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CITY OF SOLANA BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed at June 30, 2022	June 30, 2022	June 30, 2021
Year ended June 30, 2015	June 30, 2022	SB16	\$ 13,768	\$ -	\$ (13,768)	\$ -	\$ -	\$ -	\$ -
Year ended June 30, 2016	June 30, 2023	SB16	19,566	-	(18,812)	-	-	754	754
Year ended June 30, 2017	June 30, 2024		29,714	-	-	-	-	29,714	29,714
Year ended June 30, 2018	June 30, 2025		36,233	-	-	-	-	36,233	36,233
Year ended June 30, 2019	June 30, 2026		46,381	-	-	-	-	46,381	46,381
Year ended June 30, 2020	June 30, 2027		7,246	-	-	-	-	7,246	7,246
Year ended June 30, 2021	June 30, 2028		10,869	-	-	-	-	10,869	10,869
Year ended June 30, 2022	June 30, 2029		88,418	-	-	-	-	88,418	-
Interest Income			-	7,055	-	-	-	7,055	6,168
Subtotal RTCIP Funds			252,195	7,055	(32,580)	-	-	226,670	137,365
GASB 31 Market Value Adjustment			-	(4,008)	-	-	-	(4,008)	-
Total RTCIP Funds			\$ 252,195	\$ 3,047	\$ (32,580)	\$ -	\$ -	\$ 222,662	\$ 137,365

CITY OF VISTA, CALIFORNIA

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

Year Ended June 30, 2022

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Vista, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 \$2,248,374. We selected \$1,245,573 (55.40%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures in FY22.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects on Schedule A in FY22.

- 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, 2023.

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 with no activity over the past two years during FY22.

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

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years during FY22.

- 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 there was no non-*TransNet* activity reported within Schedule A.

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 Adjustments 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 project status 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 2022 apportionment	\$3,146,863
Less: debt service payment	<u>-</u>
Net estimated apportionment	3,146,863
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>944,059</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	544,120
Maintenance fund balance	<u>(25,498)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>518,622</u>
Fund balance under apportionment	<u>\$425,437</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$544,120	\$1,132,803	\$1,676,923
Maintenance	<u>(25,498)</u>	<u>2,574,487</u>	<u>2,548,989</u>
Totals	<u>\$518,622</u>	<u>\$3,707,290</u>	<u>\$4,225,912</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 20.32% 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	\$24,277,951	\$758,639	\$25,036,590
Maintenance	7,100,328	2,395,741	9,496,069
Interest	<u>(23,115)</u>	<u>552,910</u>	<u>529,795</u>
Total local street and road revenue	<u>\$31,355,164</u>	<u>\$3,707,290</u>	<u>\$35,062,454</u>
30% of total local street and road revenue			\$10,518,736
Less maintenance expenditures incurred to date			<u>(7,125,998)</u>
Available maintenance funds			<u>\$ 3,392,738</u>
Cumulative percentage expended for maintenance			<u>20.32%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.

- 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, 2022, is summarized as follows:

Current year local discretionary expenditures	\$2,830,216
Less MOE base year requirement	<u>(2,703,364)</u>
Excess MOE for the year ended June 30, 2022	<u>\$ 126,852</u>

13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed

in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.

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

- v. 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 \$67,214. We selected \$157,939 (42.56%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 21, 2022.

- xiv. 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.

- 14. 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.

- 15. 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.

- 16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
_____, 2023

DRAFT

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2021 through June 30, 2022.

“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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“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 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 Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
VISTA 56	N/A	Regional Arterial Management Systems	\$ -	\$ 8,800	\$ -	\$ (8,800)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	8,800	-	(8,800)	-	-	
Congestion Relief:									
VISTA 46	8225	Street Construction/Overlay-Annual	(37,509)	2,737,064	-	(2,156,757)	7,511	550,309	(a)
VISTA 54	8289	Paseo Santa Fe Streetscape Improvements Ph II	7,511	-	-	-	(7,511)	-	(a)(b)
VISTA 55	8290	Pedestrian Mobility Sidewalks	(2,770)	32,722	-	(38,161)	-	(8,209)	(c)
		Interest Income	971	-	1,049	-	-	2,020	
		Total Congestion Relief	(31,797)	2,769,786	1,049	(2,194,918)	-	544,120	
Maintenance:									
VISTA 53	8262	Annual Street Maintenance & Resurfacing	(143,830)	162,886	-	(44,656)	-	(25,600)	(c)
		Interest Income	102	-	-	-	-	102	
		Total Maintenance	(143,728)	162,886	-	(44,656)	-	(25,498)	
		Total Local Street Improvements	(175,525)	2,941,472	1,049	(2,248,374)	-	518,622	
Bikes and Pedestrian									
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	(370,000)	370,000	-	-	-	-	(d)
		Total Bikes and Pedestrian	(370,000)	370,000	-	-	-	-	
		Total <i>TransNet</i> Extension	\$ (545,525)	\$ 3,311,472	\$ 1,049	\$ (2,248,374)	\$ -	\$ 518,622	

Notes:

- (a) City council approved a transfer of funds of \$7,511 from RTIP project VISTA54 To RTIP project VISTA46 in the 2023 RTIP update, City Council Resolution 2022-68.
- (b) Project complete.
- (c) City will request reimbursement of programmed funds to eliminate negative balance.
- (d) Grant complete.

SCHEDULE B

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
VISTA 56	N/A	Regional Arterial Management Systems	\$ 79,200	\$ -	\$ (79,200)	\$ -
		Total Congestion Relief - Pass-Through	<u>79,200</u>	<u>-</u>	<u>(79,200)</u>	<u>-</u>
Congestion Relief:						
VISTA 46	8225	Street Construction/Overlay-Annual	12,194,421	-	(11,644,112)	550,309
VISTA 54	8289	Paseo Santa Fe Streetscape Improvements Ph II	1,935,232	12,988	(1,948,220)	-
VISTA 55	8290	Pedestrian Mobility Sidewalks	323,500	3	(331,712)	(8,209)
		Interest Income	<u>-</u>	<u>2,020</u>	<u>-</u>	<u>2,020</u>
		Total Congestion Relief	<u>14,453,153</u>	<u>15,011</u>	<u>(13,924,044)</u>	<u>544,120</u>
Maintenance:						
VISTA 53	8262	Annual Street Maintenance & Resurfacing	3,683,853	-	(3,709,453)	(25,600)
		Interest Income	<u>-</u>	<u>102</u>	<u>-</u>	<u>102</u>
		Total Maintenance	<u>3,683,853</u>	<u>102</u>	<u>(3,709,453)</u>	<u>(25,498)</u>
		Total Local Street Improvements	<u>18,216,206</u>	<u>15,113</u>	<u>(17,712,697)</u>	<u>518,622</u>

(Continued)

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
VISTA 54/V10	TNSGG	Bikes and Pedestrian				
		Paseo Santa Fe Streetscapes Phase II	\$ 3,700,000	\$ -	\$ (3,700,000)	\$ -
		Total Bikes and Pedestrian	<u>3,700,000</u>	<u>-</u>	<u>(3,700,000)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>21,916,206</u>	<u>15,113</u>	<u>(21,412,697)</u>	<u>518,622</u>
		Completed Projects:				
		LSI - Congestion Relief	9,745,598	(38,298)	(9,707,300)	-
		LSI - Maintenance	3,416,475	70	(3,416,545)	-
		Senior Mini Grants	554,261	-	(554,261)	-
		Smart Growth Grants	4,399,203	-	(4,399,203)	-
		Bikes and Pedestrian	<u>372,534</u>	<u>-</u>	<u>(372,534)</u>	<u>-</u>
		Total Completed Projects	<u>18,488,071</u>	<u>(38,228)</u>	<u>(18,449,843)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 40,404,277</u>	<u>\$ (23,115)</u>	<u>\$ (39,862,540)</u>	<u>\$ 518,622</u>

SCHEDULE C

CITY OF VISTA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2022

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2022	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2022	June 30, 2021	
For Fiscal Year ended June 30, 2015	June 30, 2022	VISTA15/46	\$ 200,606	\$ 1,862	\$ (202,468)	\$ -	\$ -	\$ -		
For Fiscal Year ended June 30, 2016	June 30, 2023	VISTA15/46	214,830	-	(214,830)	-	-	-		
For Fiscal Year ended June 30, 2017	June 30, 2024	VISTA15/46	172,061	-	(172,061)	-	-	-		
For Fiscal Year ended June 30, 2018	June 30, 2025	VISTA15/46	317,346	-	(317,346)	-	-	16,584		
For Fiscal Year ended June 30, 2019	June 30, 2026	VISTA15/46	2,148,210	-	(141,355)	-	2,006,855	2,148,210		
For Fiscal Year ended June 30, 2020	June 30, 2027		488,898	-	-	-	488,898	488,898		
For Fiscal Year ended June 30, 2021	June 30, 2028		250,631	-	-	-	250,631	250,631		
For Fiscal Year ended June 30, 2022	June 30, 2029		166,037	-	-	-	166,037	-		
Interest Income			-	212,889	-	-	212,889	177,288		
Total RTCIP Funds			3,958,619	214,751	(1,048,060)	-	3,125,310	3,081,611		
GASB 31 Market Value Adjustment			-	(156,539)	-	-	(156,539)	(50,762)		
Total RTCIP Funds			\$ 3,958,619	\$ 58,212	\$ (1,048,060)	\$ -	\$ 2,968,771	\$ 3,030,849		

COUNTY OF SAN DIEGO, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the County of San Diego, California's (County's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. The County's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the County with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 County recorded total *TransNet* expenditures in the amount of \$3,478,702. We selected \$934,455 (26.86%) 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 25% of the total dollar amount of expenditures 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. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We

documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

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. A total of \$49,448 of indirect costs were charged to the *TransNet* program, which resulted in an average indirect cost rate of 1.42% compared to total *TransNet* expenditures. The indirect cost rate has not been reviewed by a federal or state agency or audited by an independent CPA firm. The indirect cost rates are updated and reviewed on an annual basis by the County. The 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: This procedure is not applicable as the County did not have any amounts reflected in the Adjustment 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, 2023.

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: There are two projects that has been inactive over the past two years. The County indicated that, "CNTY34 Dye Rd Extension has been delayed. Estimated project completion date is August 2026." In addition, "CNTY35 Ramona Street Extension has been delayed. Estimated project completion date is December 2027." The status of the projects has been added to Schedule A.

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

Results: SANDAG approved the reason for the inactivity on October 25, 2022.

- 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: We noted that there was a project CNTY82 (1010313) was completed during FY21 with a balance remaining. This remaining balance will be transferred to another MPO ID pending specific details from RTIP amendment in Spring 2023.

- 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 there were no non-*TransNet* activity reported in Schedule A.

- 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 Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no Adjustments noted in 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 project status 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 2022 apportionment	\$20,474,211
Less: debt service payment	<u>(1,299,818)</u>
Net estimated apportionment	19,174,393
30% base	<u>30%</u>
Fiscal year 2022 30% threshold	<u>5,752,318</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(994,961)
Maintenance fund balance	<u>(269,924)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>1,264,885</u>
Fund balance under apportionment	<u>\$4,487,433</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 2022 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2022 are as follows:

	Funds Held by County	Funds Held by SANDAG	Total
Congestion Relief	\$ 994,961	\$ 9,260,631	\$ 10,255,592
Maintenance	<u>269,924</u>	<u>61,808,874</u>	<u>62,078,798</u>
Totals	<u>\$1,264,885</u>	<u>\$71,069,505</u>	<u>\$72,334,390</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 has expended 4.77% of cumulative local street and road revenue for maintenance as indicated on the following page:

	County	SANDAG	Total
Congestion relief	\$142,638,822	\$ 5,706,830	\$148,345,652
Maintenance	10,226,090	60,550,532	70,776,622
Interest	<u>1,488,975</u>	<u>4,812,143</u>	<u>6,301,118</u>
Total local street and road revenue	<u>\$154,353,887</u>	<u>\$71,069,505</u>	<u>\$225,423,392</u>
30% of total local street and road revenue			\$ 67,627,018
Less maintenance expenditures incurred to date			<u>(10,758,518)</u>
Available maintenance funds			<u>\$ 56,868,500</u>
Cumulative percentage expended for maintenance			<u>4.77%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The County does not include the debt service on the bonds in Schedule A. SANDAG provided the schedule of long-term debt for the County below:

	Balance July 1, 2021	Adjustment	Principal Payments	Balance June 30, 2022	Interest Payments
2008 Bonds	\$15,153,313	\$ -	\$ -	\$15,153,313	\$586,961
2012 Bonds	<u>512,221</u>	<u>-</u>	<u>(512,221)</u>	<u>-</u>	<u>25,487</u>
Total	<u>\$15,665,534</u>	<u>\$ -</u>	<u>\$(512,221)</u>	<u>\$15,153,313</u>	<u>\$612,448</u>

12. 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.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- 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: This procedure is not applicable as the County does not have an MOE requirement.

13. 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 (including commitments), 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: No exceptions were noted as a result of our procedures.
- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence that unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven year timeframe. We also ensured that a footnote was provided on the status of the project.
Results: No exceptions were noted as a result of our procedures.
- v. 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 County did not incur RTCIP expenditures for the fiscal year ending June 30, 2022.
- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures 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 RTCIP expenditures for fiscal year ending June 30, 2022.
- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.
Results: No exceptions were noted as a result of our procedures.
- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. 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 County incurred \$85,587 of administration or indirect costs during the fiscal year ending June 30, 2022 (2.13% of program revenue). No exceptions were noted as a result of our procedures.

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

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

- x. 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.

- xi. 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.

- xii. 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.

- xiii. 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 10, 2022.

- xiv. 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.

14. 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.

15. 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.

16. 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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on County's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
_____, 2023

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including the 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, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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 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.

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2022	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CNTY81		Regional Arterial Management Systems	\$ -	\$ 12,500	\$ -	\$ (12,500)	\$ -	\$ -	(a)
		Total Congestion Relief - Pass-Through	-	12,500	-	(12,500)	-	-	
Congestion Relief:									
CNTY14A	1010123	South Santa Fe - South	85,054	-	468	-	-	85,522	
CNTY21	1003030	Bradley Avenue	934,211	-	5,140	(794,126)	-	145,225	
CNTY24	1003046	Cole Grade - High School	496,871	650,000	2,734	(1,288,158)	-	(138,553)	(b)
CNTY34	1009589	Dye Road Extension	14,380	-	79	-	-	14,459	(c)
CNTY35	1009591	Ramona Street Extension	10,789	-	59	-	-	10,848	(d)
CNTY82	1010313	Alpine Blvd	48,008	-	264	-	-	48,272	(e)
CNTY86	1025051	ADA Ramps 21/22	814,861	-	4,483	(51,185)	-	768,159	
CNTY88	1018734	Ashwood St Corridor	414,760	400,000	2,282	(756,013)	-	61,029	
		Total Congestion Relief	2,818,934	1,050,000	15,509	(2,889,482)	-	994,961	
Maintenance:									
CNTY90	1020776	Camino Del Rey Drainage	441,537	-	2,429	(174,042)	-	269,924	
		Total Maintenance	441,537	-	2,429	(174,042)	-	269,924	

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2022	Notes
		Total Local Street Improvements	\$ 3,260,471	\$ 1,062,500	\$ 17,938	\$ (3,076,024)	\$ -	\$ 1,264,885	
		Smart Growth Incentive Program:							
CNTY95	5005475	Alpine Community Plan Implementation Financing Tools and Mechanisms Plan	-	18,345	-	(18,345)	-	-	
CNTY96	5005476	Casa De Oro - Campo Road Specific Plan	(53,510)	126,664	-	(73,154)	-	-	
CNTY97	5005477	Valley Center Community Plan Update	(27,248)	70,345	-	(43,097)	-	-	
		Total Smart Growth Incentive Program	(80,758)	215,354	-	(134,596)	-	-	
		Competitive Land Management Grant:							
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	(58,545)	177,193	-	(268,082)	-	(149,434)	(b)
		Total Competitive Land Management Grant	(58,545)	177,193	-	(268,082)	-	(149,434)	
		Total <i>TransNet</i> Extension	\$ 3,121,168	\$ 1,455,047	\$ 17,938	\$ (3,478,702)	\$ -	\$ 1,115,451	

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) Negative project status balance is due to qualifying expenditures incurred during the fiscal year. The remaining reimbursement will be received in FY22-23.
- (c) CNTY34 Dye Rd Extension has been delayed. Estimated project completion date is August 2026.
- (d) CNTY35 Ramona Street Extension has been delayed. Estimated project completion date is December 2027.
- (e) Project Complete. Remaining Funds will be transferred to another MPO ID. Specific details will be included in the Board Resolution and RTIP amendment in Spring 2023.

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SAN54/ CNTY81		Regional Arterial Management Systems	\$ 125,000	\$ -	\$ (125,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>125,000</u>	<u>-</u>	<u>(125,000)</u>	<u>-</u>
Congestion Relief:						
CNTY14A	1010123	South Santa Fe - South	1,092,312	3,577	(1,010,367)	85,522
CNTY21	1003030	Bradley Avenue	8,967,617	91,076	(8,913,468)	145,225
CNTY24	1003046	Cole Grade - High School	5,546,000	55,484	(5,740,037)	(138,553)
CNTY34	1009589	Dye Road Extension	979,405	1,954	(966,900)	14,459
CNTY35	1009591	Ramona Street Extension	835,330	20,012	(844,494)	10,848
CNTY82	1010313	Alpine Blvd	5,794,000	12,519	(5,758,247)	48,272
CNTY86	1021825	AC Overlay 17/18 C	1,769,760	12,755	(1,782,515)	-
CNTY86	1023466	AC Overlay 19/20 B	6,889,552	7,293	(6,896,845)	-
CNTY86	1022881	AC Culverts 19/20	3,384,887	25,119	(3,092,122)	317,884
CNTY86	1024263	AC Overlay 20/21 South	568,000	822	(97,777)	471,045
CNTY86	1022883	ADA Ramps 19/20	1,297,308	1,631	(1,273,007)	25,932
CNTY86	1025051	ADA Ramps 21/22	-	4,483	(51,185)	(46,702)
CNTY88	1018734	Ashwood St Corridor	2,169,000	18,334	(2,126,305)	61,029
		Total Congestion Relief	<u>39,293,171</u>	<u>255,059</u>	<u>(38,553,269)</u>	<u>994,961</u>
Maintenance:						
CNTY90	1020776	Camino Del Rey Drainage	1,319,949	26,164	(1,076,189)	269,924
		Total Maintenance	<u>1,319,949</u>	<u>26,164</u>	<u>(1,076,189)</u>	<u>269,924</u>
		Total Local Street Improvements	<u>40,738,120</u>	<u>281,223</u>	<u>(39,754,458)</u>	<u>1,264,885</u>

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
		Smart Growth Incentive Program:				
CNTY95	5005475	Alpine Community Plan Implementation Financing Tools and Mechanisms Plan	\$ 45,321	\$ -	\$ (45,321)	\$ -
CNTY96	5005476	Casa De Oro - Campo Road Specific Plan	320,962	-	(320,962)	-
CNTY97	5005477	Valley Center Community Plan Update	<u>286,257</u>	<u>-</u>	<u>(286,257)</u>	<u>-</u>
		Total Smart Growth Incentive Program	<u>652,540</u>	<u>-</u>	<u>(652,540)</u>	<u>-</u>
		Competitive Land Management Grant:				
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	<u>1,279,287</u>	<u>-</u>	<u>(1,428,721)</u>	<u>(149,434)</u>
		Total Competitive Land Management Grant	<u>1,279,287</u>	<u>-</u>	<u>(1,428,721)</u>	<u>(149,434)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>42,669,947</u>	<u>281,223</u>	<u>(41,835,719)</u>	<u>1,115,451</u>
		Completed Projects:				
		LSI - Congestion Relief Pass Through	36,000	-	(36,000)	-
		LSI - Congestion Relief	103,184,651	712,787	(103,897,438)	-
		LSI - Maintenance	8,906,141	776,188	(9,682,329)	-
		Bikes and Pedestrians	625,000	-	(625,000)	-
		Competitive Land Management Grant	<u>915,288</u>	<u>-</u>	<u>(915,288)</u>	<u>-</u>
		Total Completed Projects	<u>113,667,080</u>	<u>1,488,975</u>	<u>(115,156,055)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 156,337,027</u>	<u>\$ 1,770,198</u>	<u>\$ (156,991,774)</u>	<u>\$ 1,115,451</u>

COUNTY OF SAN DIEGO, CALIFORNIA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2022

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds committed at June 30, 2022	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	County Adjustments		June 30, 2022	June 30, 2021	
For Fiscal Year ended June 30, 2015	June 30, 2022		\$ 1,180,266	\$ 4,039	\$ (1,184,305)	\$ -	\$ -	\$ -		
For Fiscal Year ended June 30, 2016	June 30, 2023		1,506,988	4,979	(1,511,967)	-	-	-		
For Fiscal Year ended June 30, 2017	June 30, 2024	CNTY89	1,455,074	62,755	(845,984)	-	(671,845)	671,845	752,749	
For Fiscal Year ended June 30, 2018	June 30, 2025		2,646,555	160,941	-	-	-	2,807,496	2,790,139	
For Fiscal Year ended June 30, 2019	June 30, 2026		2,245,234	113,896	-	-	-	2,359,130	2,344,544	
For Fiscal Year ended June 30, 2020	June 30, 2027		2,508,395	80,035	-	-	-	2,588,431	2,572,428	
For Fiscal Year ended June 30, 2021	June 30, 2028		2,308,647	33,764	-	-	-	2,342,412	2,327,930	
For Fiscal Year ended June 30, 2022	June 30, 2029		<u>4,012,222</u>	<u>24,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,037,181</u>	<u>-</u>	(a)
Total RTCIP Funds			<u>\$ 17,863,381</u>	<u>\$ 485,368</u>	<u>\$ (3,542,256)</u>	<u>\$ -</u>	<u>\$ (671,845)</u>	<u>14,806,493</u>	<u>\$ 10,787,790</u>	

(a) Interest income and project expenditures for FY17, FY18, FY19, FY20, FY21 and FY22 are adjusted based on the Schedule C Guidelines. According to the Guidelines, interest earned shall be allocated equitably to each year that had a beginning balance. Expenditures were also applied to the oldest cumulative funds available.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the Independent Taxpayer Oversight Committee's (ITOC's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. ITOC's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by ITOC with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. Definitions of terms are included as Attachment A.

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 the recipient agency 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 SANDAG staff provided a footnote for any restatements of ITOC activity. We determined whether reasons for differences were valid.

Results: No exceptions were 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, 2022.

- i. We reviewed the interest income reported on Schedule A and matched 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 were necessary and reasonable in carrying out ITOC responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: ITOC recorded total *TransNet* expenditures in the amount of \$348,498. We selected \$108,346 (31.09%) 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 25% of ITOC expenditures and documented SANDAG'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 are required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 3.e.ii.

- iv. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: ITOC recorded total *TransNet* payroll expenditures in the amount of \$200,138, which represented 57.43% of total expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

- v. We reviewed to ensure that SANDAG's administrative expenditures complied with Commission Ordinance CO-2021-01 that the total administrative expenditures did not exceed \$250,000, as adjusted for inflation.

Results: ITOC recorded total administrative expenditures of \$200,138, which did not exceed \$250,000, as adjusted for inflation. No exceptions were noted as a result of our procedures.

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, 2022 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 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 SANDAG staff's response to address the ITOC finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on ITOC's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of ITOC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
XXXX, 2023

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GLOSSARY OF TERMS

Definitions

“Current Fiscal Year” means the fiscal period of July 1, 2021 through June 30, 2022.

“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.

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INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
 Schedule of Status of Funds
 Year Ended June 30, 2022

<u>Project Name</u>	<u>Status July 1, 2021</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Committee Adjustments</u>	<u>Status June 30, 2022</u>
<i>TransNet</i> Extension:						
Independent Taxpayer Oversight Committee	\$ 97,176	\$ 421,541	\$ 2,894	\$ (348,498)	\$ -	\$ 173,113
Total <i>TransNet</i> Extension	\$ 97,176	\$ 421,541	\$ 2,894	\$ (348,498)	\$ -	\$ 173,113

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INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
 Cumulative Schedule of Status of Funds
 Year Ended June 30, 2022

Project Name	Funds Received	Interest Income	Project Expenditures	Status June 30, 2022
<i>TransNet</i> Extension:				
Independent Taxpayer Oversight Committee	\$ 3,801,888	\$ 48,790	\$ (3,677,565)	\$ 173,113
Total Cumulative <i>TransNet</i> Extension	<u>\$ 3,801,888</u>	<u>\$ 48,790</u>	<u>\$ (3,677,565)</u>	<u>\$ 173,113</u>

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SAN DIEGO METROPOLITAN TRANSIT SYSTEM

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the San Diego Metropolitan Transit System's (MTS') compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. MTS' management is responsible for compliance with the Ordinances and the Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by MTS with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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: This procedure is not applicable as MTS does not participate in the Grant Program.

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).

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 there was no interest income required to be 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 \$50,090,297. We selected \$15,263,634 (30.47%) 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 25%, 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. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

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

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

Results: MTS allocated indirect costs to MPO ID MTS33A and SAN80 included in the RTIP for the year ended June 30, 2022 at an overhead rate of 27.31% and a fringe rate of 53.94%. The total dollar amount of indirect costs charged was \$134,441, which represented a 0.28% of total *TransNet* expenditures. MTS has a formal Indirect Cost Plan that was approved by the Federal Transit Administration in March 2021 for the fiscal year ending June 30, 2022. Additionally, MTS engaged an independent CPA firm to perform agreed-upon procedures applied to its indirect cost rates. The firm used 2 CFR Part 200 as its criteria in reviewing the rates, and concluded that MTS's rates were consistent with the provision of 2CFR Part 200. No exceptions were noted as a result of our procedure.

- 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 for the fiscal year ended June 30, 2022.

- 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 were no completed projects for the fiscal year ended June 30, 2022.

- 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, 2023.

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., original *TransNet* vs. *TransNet* Extension). We reviewed the ending balances at June 30, 2022 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 Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included in 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 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 Disabled	Transit
Fiscal year 2022 apportionment	\$1,142,623	\$43,076,899
Less: debt service payment	-	-
Net estimated apportionment	1,142,623	43,076,899
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2022 30% threshold	<u>342,787</u>	<u>12,923,070</u>
Less:		
Fund balance	-	-
Fund balance under apportionment	<u>\$ 342,787</u>	<u>\$12,923,070</u>

9. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

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. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.
 - 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 2022 to 2021 was 17.78%. The change in total operating cost per revenue vehicle hour for bus services was (1.89)% and the change in total operating cost per revenue vehicle mile for rail services was (7.40)%. Thus, MTS was in compliance with these portions of the requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2022</u>	<u>2021</u>	<u>Growth Rate</u>
Operating cost for buses	\$201,589,171	\$202,213,207	
Revenue vehicle hours	2,013,662	1,981,718	
Total operating cost per revenue vehicle hour	\$100.11	\$102.04	(1.89)%
Consumer Price Index	291.916	247.856	17.78%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2022</u>	<u>2021</u>	<u>Growth Rate</u>
Operating cost for rail	\$104,704,575	\$98,061,336	
Revenue vehicle miles	11,626,878	10,077,479	
Total operating cost per revenue vehicle mile	\$9.01	\$9.73	(7.40)%
Consumer Price Index	291.916	247.856	17.78%

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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on MTS’s compliance with the *TransNet*

Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of MTS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
_____, 2023

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GLOSSARY OF TERMS

"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 2022 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2021, through June 30, 2022.

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

"Recipient Agency" means an agency, including Metropolitan Transit System and North County Transportation Commission, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2022

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2021</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>MTS Adjustments</u>	<u>Project Status June 30, 2022</u>
TransNet Extension:								
Operating:								
Senior and Disabled Transportation:								
MTS 33A	47130	MTS Access	\$ -	\$ 953,300	\$ -	\$ (953,300)	\$ -	\$ -
Total Senior and Disabled Transportation			-	953,300	-	(953,300)	-	-
Transit and Trolley:								
MTS 32A	47110	MTS Preventive Maintenance	-	36,230,092	-	(36,230,092)	-	-
Major Transit Corridor Operations:								
SAN 80	47140	SuperLoop	-	2,187,022	-	(2,187,022)	-	-
SAN 80	47150	Bus Rapid Transit	-	3,114,064	-	(3,114,064)	-	-
SAN 80	47170	Mid City Bus Rapid Transit	-	2,327,852	-	(2,327,852)	-	-
SAN 80	47180	South Bay Bus Rapid Transit	-	5,277,967	-	(5,277,967)	-	-
Total Major Transit Corridor Operations			-	12,906,905	-	(12,906,905)	-	-
Total Transit and Trolley			-	49,136,997	-	(49,136,997)	-	-
Total Operating			-	50,090,297	-	(50,090,297)	-	-
Total <i>TransNet</i> Extension			\$ -	\$ 50,090,297	\$ -	\$ (50,090,297)	\$ -	\$ -

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
<i>TransNet</i> Extension						
Operating:						
Senior and Disabled Transportation:						
MTS 33A	47130	MTS Access	\$ 10,725,755	\$ -	\$ (10,725,755)	\$ -
Total Senior and Disabled Transportation			10,725,755	-	(10,725,755)	-
Transit and Trolley:						
MTS 32A	47110	MTS Preventative Maintenance	212,219,766	-	(212,219,766)	-
Major Transit Corridor Operations:						
SAN 80	47140	SuperLoop	19,762,392	-	(19,762,392)	-
SAN 80	47150	Bus Rapid Transit	61,263,952	-	(61,263,952)	-
SAN 80	47170	Mid City Bus Rapid Transit	14,061,394	-	(14,061,394)	-
SAN 80	47180	South Bay Bus Rapid Transit	19,552,934	-	(19,552,934)	-
Total Major Transit Corridor Operations			114,640,672	-	(114,640,672)	-
Total Transit and Trolley			326,860,438	-	(326,860,438)	-
Total Operating			337,586,193	-	(337,586,193)	-
Subtotal Cumulative <i>TransNet</i> Extension			337,586,193	-	(337,586,193)	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
Completed Projects:						
Capital:						
Major Corridor:						
MTS28	47120	Bus & Rail Rolling Stock	\$ 2,247,000	\$ -	\$ (2,247,000)	\$ -
SAN 67	47120	Blue Line Rehab	45,442,895	-	(45,442,895)	-
Operating:						
Transit and Trolley:						
MTS 23A	47110	MTS Operating Support	181,530,668	-	(181,530,668)	-
Total Completed Projects			229,220,563	-	(229,220,563)	-
Total Cumulative <i>TransNet</i> Extension			\$ 566,806,756	\$ -	\$ (566,806,756)	\$ -

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NORTH COUNTY TRANSIT DISTRICT

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the North County Transit District's (NCTD's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A and B, as applicable, for the fiscal year ended June 30, 2022. NCTD management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by NCTD with respect to the *TransNet* Program Schedules A and B for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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: This procedure is not applicable as NCTD does not participate in the Grant Program.

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 NCTD maintains separate accountabilities 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 NCTD 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).

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 there was no interest income required to be reported on Schedule A as all *TransNet* funds were spent before the end of the first quarter.

- 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: NCTD recorded total *TransNet* expenditures in the amount of \$27,229,537. We selected \$11,959,238 (43.92%) 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 25%, 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. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the payroll expenditure did not exceed the 20% of the total dollar amount of expenditures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- 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 for the fiscal year ended June 30, 2022.

- 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 were no completed projects for the fiscal year ended June 30, 2022.

- 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, 2023.

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

- 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.

- 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 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., original *TransNet* vs. *TransNet* Extension). We reviewed the ending balances at June 30, 2022 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 Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included in 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 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:

	Senior and Disabled	Transit
Fiscal year 2022 apportionment	\$463,086	\$17,458,325
Less: debt service payment	<u>-</u>	<u>(1,381,501)</u>
Net estimated apportionment	463,086	16,076,824
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2022 30% threshold	<u>138,926</u>	<u>4,823,047</u>
Less:		
Fund balance	<u>-</u>	<u>-</u>
Fund balance under apportionment	<u>\$ 138,926</u>	<u>\$13,906,584</u>

9. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2021	Additions	Principal Payments	Balance June 30, 2022	Interest Payments
Commercial Paper	<u>\$21,750,000</u>	<u>\$ -</u>	<u>\$(1,300,000)</u>	<u>\$20,450,000</u>	<u>\$(81,501)</u>

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. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.
- 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 2021 to 2022 was 17.78%. The total operating cost per revenue vehicle hour for bus services increased by 11.83% and thus NCTD was in compliance with this portion of the requirement. In addition, the

change in total operating cost per revenue vehicle mile for rail services increased by 2.06% and was in compliance with both bus and rail services.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2022</u>	<u>2021</u>	<u>Growth Rate</u>
Operating cost for buses	\$62,209,246	\$57,304,744	
Revenue vehicle hours	461,315	475,203	
Total operating cost per revenue vehicle hour	\$134.85	\$120.59	11.83%
Consumer Price Index	291.916	247.856	17.78%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2022</u>	<u>2021</u>	<u>Growth Rate</u>
Operating cost for buses	\$62,854,203	\$46,509,205	
Revenue vehicle hours	877,589	662,745	
Total operating cost per revenue vehicle hour	\$71.62	\$70.18	2.06%
Consumer Price Index	291.916	247.856	17.78%

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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on NCTD's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of NCTD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
_____, 2023

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GLOSSARY OF TERMS

"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 2022 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2021, through June 30, 2022.

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

"Recipient Agency" means an agency, including Metropolitan Transit System and North County Transportation Commission, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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, 2022

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2021</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>NCTD Adjustments</u>	<u>Project Status June 30, 2022</u>	<u>Notes</u>
TransNet Extension:									
Operating:									
Senior and Disabled Transportation:									
NCTD03	N/A	Elderly and Disabled	\$ -	\$ 466,000	\$ -	\$ (466,000)	\$ -	\$ -	
		Total Senior and Disabled Transportation	-	466,000	-	(466,000)	-	-	
Transit:									
NCTD16B	N/A	Oceanside to Escondido Rail - SPRINTER Debt Service	-	1,700,000	-	(1,700,000)	-	-	
NCTD34	N/A	Transit Service Operating Support	-	15,980,000	-	(15,980,000)	-	-	
		Total Transit	-	17,680,000	-	(17,680,000)	-	-	
		Total Operating	-	18,146,000	-	(18,146,000)	-	-	
Capital:									
Major Corridor:									
SAN260	420009	COASTER Train Sets	(2,127,862)	2,127,862	-	(9,083,537)	-	(9,083,537)	(a)
		Total Major Corridor	(2,127,862)	2,127,862	-	(9,083,537)	-	(9,083,537)	
		Total <i>TransNet</i> Extension	\$ (2,127,862)	\$ 20,273,862	\$ -	\$ (27,229,537)	\$ -	\$ (9,083,537)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ (2,127,862)	\$ 20,273,862	\$ -	\$ (27,229,537)	\$ -	\$ (9,083,537)	

Note:

(a) Due as of June 30, 2022; to be reimbursed by SANDAG from TransNet Major Corridor funds.

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2022
TransNet Extension:						
Operating:						
Senior and Disabled Transportation:						
NCTD03	N/A	Elderly and Disabled	\$ 4,465,325	\$ -	\$ (4,465,325)	\$ -
		Total Senior and Disabled Transportation	<u>4,465,325</u>	<u>-</u>	<u>(4,465,325)</u>	<u>-</u>
Transit:						
NCTD16B	N/A	Oceanside to Escondido Rail Operations	22,955,112	-	(22,955,112)	-
NCTD34	N/A	Transit Service Operating Support	144,067,189	-	(144,067,189)	-
		Total Transit	<u>167,022,301</u>	<u>-</u>	<u>(167,022,301)</u>	<u>-</u>
Major Corridor:						
SAN260	420009	COASTER Train Sets	3,627,862	-	(12,711,399)	(9,083,537)
		Total Major Corridor	<u>3,627,862</u>	<u>-</u>	<u>(12,711,399)</u>	<u>(9,083,537)</u>
		Total Operating	<u>175,115,488</u>	<u>-</u>	<u>(184,199,025)</u>	<u>(9,083,537)</u>
Completed Projects:						
Operating:						
		<i>TransNet</i> Senior Mini Grant	217,941	-	(217,941)	-
Capital:						
		Major Corridor	69,636,783	429,576	(70,066,359)	-
		Bike, Pedestrian and Neighborhood Safety (BPNS) Inland Rail Trail	3,870,000	25,257	(3,895,257)	-
Transit:						
		Preventive Maintenance	1,715,876	-	(1,715,876)	-
		Total Completed Projects	<u>75,440,600</u>	<u>454,833</u>	<u>(75,895,433)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	\$ <u>250,556,088</u>	\$ <u>454,833</u>	\$ <u>(260,094,458)</u>	\$ <u>(9,083,537)</u>

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA

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

Year Ended June 30, 2022

DRAFT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the San Diego Association of Governments' (SANDAG's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. SANDAG's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by SANDAG with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are 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 the applicable approved RTIP.

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

3. We obtained from SANDAG 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 for SANDAG and SDCRTC 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). We determined that the projects are properly classified by SANDAG and SDCRTC.

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 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, 2022.

i. We reviewed the total project expenditures per Schedule A and agreed to the respective 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 \$172,849,481. We selected \$57,377,417 (33.20%) 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 25% of the total dollar amount of expenditures, 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. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transaction and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm.

Results: SANDAG allocated indirect costs to projects included in the RTIP for the year ended June 30, 2022. SANDAG allocates indirect costs at a rate of 91.27% of direct labor costs associated with each project. SANDAG allocated a total of \$5,161,159 of indirect costs to projects, resulting in 2.99% of indirect costs compared to total *TransNet* expenditures. 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 was 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 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: This procedure is not applicable as there were no transfers of *TransNet* funds between 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 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, 2023.

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.

- 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 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 transfer of 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: 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 SANDAG does not track completed projects within Schedule A.

8. We determined that the ending project status 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 compared long-term debt information reported on Schedule A to the schedule of long-term debt 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, 2022.

10. For recipient SANDAG, acting as the SDCRTC, only, 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 \$55,675,070 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, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2022</u>
Commercial Paper	\$ 5,279,467	\$ 397,665	\$ -	\$ 5,677,132
2008 Bonds	33,144,271	1,885,011	-	35,029,282
2010 Bonds	2,924,759	5,806	-	2,930,565
2012 Bonds	2,333,709	4,876	-	2,338,585
2014 Bonds	1,303,597	4,926	-	1,308,523
2016 Bonds	1,211,796	4,866	-	1,216,662
2017 TIFIA Loan	1,241,244	15,056	-	1,256,300
2018 Short Term	1,565,274	3,538	-	1,568,812
2019 Bonds	1,437,323	5,456	-	1,442,779
2020 Bonds	417,316	3,306	-	420,622
2021 Bonds	1,334,035	2,884	-	1,336,919
2021 Note	947,921	16,234	-	964,155
2022 Revolving Note	-	184,734	-	184,734
Total	\$53,140,712	\$2,534,358	\$ -	\$55,675,070

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 2% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

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

- b. We reviewed the administrative expenditure project numbers and ensured only projects approved in the 2022 Budget were included in administrative expenditures.

Results: SANDAG recorded total administrative expenditures in the amount of \$6,476,250. We reviewed the detail of administrative expenditures and noted the following cost centers included within:

<u>Category</u>	<u>Amount Expended</u>
Payroll Expenses	\$3,653,997
Operational Expenses	2,280,823
Board of Directors	292,002
Legal Fees	7,166
Office of the Independent Performance Auditor (OIPA)	<u>242,262</u>
Total	<u>\$6,476,250</u>

- c. We reviewed at least 25% of the administrative expenditures and ensured that they were expended by recipient SANDAG for costs necessary to administer *TransNet*.

Results: SANDAG recorded total administrative expenditures in the amount of \$6,476,250. We selected \$1,646,017 (25.42%) for testing. No exceptions were noted as a result of our procedures.

- d. If unallowable expenditures were identified in step 11.b, we expanded the sample to include an additional 25% of administrative expenditures, 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 noted in step 11.b.

- e. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: SANDAG recorded total *TransNet* administrative payroll expenditures in the amount of \$3,653,996, which represented 56.42% of total administrative expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

12. For SANDAG, acting as the SDCRTC, only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.

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

- b. We reviewed the FY 2022 *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, 2022.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on SANDAG's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of SANDAG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
xxxx 2023

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GLOSSARY OF TERMS

Definitions

"Current Fiscal Year" means the fiscal period of July 1, 2021 through June 30, 2022.

"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 an agency, including SANDAG and SDCRTC, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"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.

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2022

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2021</u>	<u>Funds Received</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2022</u>	<u>Notes</u>
TransNet Extension:								
Administration:								
		SANDAG 2% Administration	\$ 80,113	\$ 8,076,957	\$ (6,476,250)	\$ -	\$ 1,680,820	
		Total Administration	80,113	8,076,957	(6,476,250)	-	1,680,820	
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass Through:								
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	-	87,190	(87,190)	-	-	
SAN195	1223055	Bayshore Bikeway - Barrio Logan	-	28,937	(28,937)	-	-	
SD259	1223091	Move Free SD Education, Encouragement and Awareness Campaign	-	20,602	(20,602)	-	-	
		Total BPNS - Pass Through	-	136,729	(136,729)	-	-	
BPNS:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	1,860	(1,860)	-	-	
NC35	1223089	National City Bicycle Parking Enhancements	-	(28)	28	-	-	(a)
SAN40	3300100	TransNet Smart Growth Incentive Program	-	110,835	(110,835)	-	-	
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	-	1,772	(1,772)	-	-	
SAN153	1223023	Inland Rail Trail	-	7,940,400	(7,940,400)	-	-	
SAN153	1223094	Inland Rail Trail Ph 3	-	723,945	(723,945)	-	-	
SAN153	1223095	Inland Rail Trail Ph 4	-	130	(130)	-	-	
		Total SAN153	-	8,664,475	(8,664,475)	-	-	
		Subtotal BPNS	-	8,778,914	(8,778,914)	-	-	

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(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2022	Notes
		BPNS balance carried forward	\$ -	\$ 8,778,914	\$ (8,778,914)	\$ -	\$ -	
SAN154	1129900	Bayshore Bikeway Segment 8B	-	13,445	(13,445)	-	-	
SAN155	1223016	Coastal Rail Trail - Rose Creek	-	1,307,618	(1,307,618)	-	-	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	65,529	(65,529)	-	-	
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	-	32,831	(32,831)	-	-	
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	-	4,515,520	(4,515,520)	-	-	
SAN195	1223055	Bayshore Bikeway - Barrio Logan	-	1,597,857	(1,597,857)	-	-	
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	-	37,231	(37,231)	-	-	
SAN203	1223056	San Ysidro to IB Parkway	-	275,882	(275,882)	-	-	
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	-	77,385	(77,385)	-	-	
SAN205	1223057	NP to Downtown/Balboa Bikeway	-	3,934,418	(3,934,418)	-	-	
SAN206	1223058	Southeast to Downtown Bikeway	-	332,684	(332,684)	-	-	
SAN230	1223079	North Park/Mid-City Bikeways: Howard Bikeway	-	72,533	598,345	670,878	1,341,756	(b)
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	-	722,595	(722,595)	-	-	
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	-	7,466,583	(7,466,583)	-	-	
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	-	264,882	(264,882)	-	-	
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	-	170,004	(170,004)	-	-	
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	-	6,681	(6,681)	-	-	
SAN272	1223093	GObYBIKE San Diego: Construction Outreach Program	-	224,587	(224,587)	-	-	
SAN284	1223087	North Park/Mid-City Orange Bikeway	-	389,170	(1,060,048)	(670,878)	(1,341,756)	(b)
		Total BPNS	-	30,286,349	(30,286,349)	-	-	

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(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2022	Notes
Senior Services Pass Through:								
LAM27	1270400	La Mesa - Rides4Neighbors	\$ -	\$ 87,641	\$ (87,641)	\$ -	\$ -	
SAN70	1271000	Jewish Family Services - Rides and Smiles	-	249,140	(249,140)	-	-	
SAN70	1271800	On the Go (Eastern San Diego)	-	227,343	(227,343)	-	-	
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides	-	193,106	(193,106)	-	-	
		Total SAN70	-	669,589	(669,589)	-	-	
SAN87	1272700	Elderhelp - Volunteer Driver Program	-	123,370	(123,370)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	64,322	(64,322)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	226,903	(226,903)	-	-	
SAN168	1271900	FACT Mobility Management	-	349,807	(349,807)	-	-	
SAN243	1272600	FACT RIDEFinder	-	15,895	(15,895)	-	-	
SAN278	1270800	FACT MedRide	-	182,819	(182,819)	-	-	
SAN279	1272600	RIDEFinder	-	36,739	(36,739)	-	-	
		Total Senior Services Pass Through	-	1,757,085	(1,757,085)	-	-	
Senior Services:								
SAN40	3320201	Specialized Transportation	-	118,065	(118,065)	-	-	
		Total Senior Services	-	118,065	(118,065)	-	-	
Smart Growth Pass Through:								
CHV86	1224059	Third Avenue Streetscape Improvement Project (TASIP-STL406) Phase II	-	122,837	(122,837)	-	-	
CNTY95	1224054	Alpine Community Plan Implementation	-	20,383	(20,383)	-	-	
CNTY96	1224055	Casa De Oro - Campo Road Specific Plan	-	184,426	(184,426)	-	-	
		Subtotal Smart Growth - Pass-Through	-	327,646	(327,646)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2022	Notes
		Smart Growth - Pass-Through balance carried forward	\$ -	\$ 327,646	\$ (327,646)	\$ -	\$ -	
CNTY97	1224056	Valley Center Community Plan Update	-	21,571	(21,571)	-	-	
EL40	1224067	El Cajon Transit Center Community Connection Improvements	-	(136,973)	136,973	-	-	(a)
EL41	1224068	Main Street - Green Street Gateway	-	(27,590)	27,590	-	-	(a)
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Congestion Relief)	-	900,336	(900,336)	-	-	
LAM47	1224036	N Spring Street Smart Growth	-	256,535	(256,535)	-	-	
LAM49	1224047	Complete Streets Integrated Design Manual	-	35,088	(35,088)	-	-	
LG26	1224069	Connect Main Street, Ph 1&2	-	18,910	(18,910)	-	-	
NC29	1224048	National City 24th St Transit Oriented Development Overlay	-	(53,574)	53,574	-	-	(a)
NC36	1224061	Roosevelt Avenue Corridor Smart Growth Revitalization Project	-	520,366	(520,366)	-	-	
NC37	1224062	Sweetwater Road Protected Bikeway	-	7,498	(7,498)	-	-	
O49	1224058	Coastal Rail Trail Extension	-	71,921	(71,921)	-	-	
SD253	1224049	Clairemont Transit Oriented Development Design Concepts	-	113,839	(113,839)	-	-	
SD254	1224050	College Area Smart Growth Study (CASGS)	-	201,536	(201,536)	-	-	
SD256	1224052	Mira Mesa Transit Oriented Development	-	25,173	(25,173)	-	-	
SD257	1224053	University Community Smart Growth Concept Study	-	57,854	(57,854)	-	-	
SD261	1224064	Downtown San Diego Wayfinding Signage - Cycle Network	-	38,012	(38,012)	-	-	
SD262	1224065	East Village Green Park Phase I	-	4,833	(4,833)	-	-	
		Total Smart Growth - Pass-Through	-	2,382,981	(2,382,981)	-	-	
		Smart Growth:						
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	110,835	(110,835)	-	-	
		Total Smart Growth	-	110,835	(110,835)	-	-	

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(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2022	Notes
Local Street Improvements:								
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	\$ -	\$ 11,700	\$ (11,700)	\$ -	\$ -	
CHV39	3311002	Traffic Signal System Optimization	-	15,500	(15,500)	-	-	
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	-	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) - (Congestion Relief)	-	11,200	(11,200)	-	-	
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	-	7,300	(7,300)	-	-	
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	-	67,600	(67,600)	-	-	
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	-	10,800	(10,800)	-	-	
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	-	7,400	(7,400)	-	-	
VISTA56	3311002	Traffic Congestion Management Program - CIP 8294	-	8,800	(8,800)	-	-	
Total Local Street Improvements			-	185,300	(185,300)	-	-	
Regional Environmental Mitigation Program (EMP) - Pass-Through:								
V07	12002xx	Caltrans EMP	-	17,484,700	(17,484,700)	-	-	
V08	1201319	Otay Mesa Rare Plants	-	32,231	(32,231)	-	-	
V08	1201320	Proctor Valley Vernal Pools	-	56,329	(56,329)	-	-	
V08	1201321	North County Dunes 2	-	9,282	(9,282)	-	-	
V08	1201328	Cabrillo	-	(4,400)	4,400	-	-	(a)
V08	1201330	Rice Canyon Invasive Removal	-	(2,143)	2,143	-	-	(a)
V08	1201333	Rare Plants 2	-	17,974	(17,974)	-	-	
Subtotal V08			-	109,273	(109,273)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2022	Notes
		Balance carried forward - Subtotal V08	\$ -	\$ 109,273	\$ (109,273)	\$ -	\$ -	
V08	1201334	Silverwood-Anstine	-	10,752	(10,752)	-	-	
V08	1201336	Invasive Species Management	-	64,458	(64,458)	-	-	
V08	1201337	San Pasqual Cactus Wren	-	54,686	(54,686)	-	-	
V08	1201338	Lower Otay Reservoir	-	17,567	(17,567)	-	-	
V08	1201340	Mission Bay Park	-	50,631	(50,631)	-	-	
V08	1201341	Stinknet Removal	-	25,030	(25,030)	-	-	
		Total V08	-	332,397	(332,397)	-	-	
		Total Regional EMP - Pass Through	-	17,817,097	(17,817,097)	-	-	
		Environmental Mitigation Program (EMP):						
V07	12002xx	Biological Mitigation	-	6,122,983	(6,122,983)	-	-	
V08	12003xx/ 12013xx	Regional Habitat Conservation Fund	-	3,949,595	(3,949,595)	-	-	
		Total EMP	-	10,072,578	(10,072,578)	-	-	
		Bus Rapid Transit (BRT)/Rail Operations:						
SAN80	1130100	Financial ERP System	-	418,999	(418,999)	-	-	
SAN80	1131600	Human Resources Info System	-	83,147	(83,147)	-	-	
SAN80	1147400	Content Management	-	445,052	(445,052)	-	-	
SAN80	2300000	Transportation Analysis Model	-	90,217	(90,217)	-	-	
SAN80	2301900	Quality Assurance & Control	-	695,895	(695,895)	-	-	
SAN80	2302200	Data Dissemination	-	34,078	(34,078)	-	-	
SAN80	2302300	Data Acquisition, Management, Govern	-	1,662,296	(1,662,296)	-	-	
SAN80	2401000	Regional Econ Research & Analysis	-	172,500	(172,500)	-	-	
SAN80	2402000	Data Science, Open/Big Data	-	1,237,294	(1,237,294)	-	-	
SAN80	3102000	SD Forward Regional Plan	-	1,663,343	(1,663,343)	-	-	
SAN80	3310703	TDM - Program & Svs Delivery	-	5,400	(5,400)	-	-	
SAN80	3310714	Mobility & Innovations Program	-	590,043	(590,043)	-	-	
SAN80	8000103	Office of the Independent Performance Auditor	-	241,550	(241,550)	-	-	
		Total BRT/Rail Operations	-	7,339,814	(7,339,814)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2022	Notes
Major Corridor - Pass-Through:								
CAL09	1200501	I-5 North Coast	\$ -	\$ 18,499	\$ (18,499)	\$ -	\$ -	
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	32,735	(32,735)	-	-	
CAL09	1200509	I-5 San Elijo Bridge Replace	-	(461,018)	461,018	-	-	(c)
CAL09	1200510	I-5 HOV Carlsbad	-	(23,000)	23,000	-	-	(c)
		Total CAL09	-	(432,784)	432,784	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	28,815	(28,815)	-	-	
CAL29B	1207606	SR 76 East	-	(410,000)	410,000	-	-	(c)
CAL38	1390501	SR-905 New Freeway	-	(1,628)	1,628	-	-	(c)
CAL68	1212501	SR94/SR125 S to E Connector	-	145,000	(145,000)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	339,000	(339,000)	-	-	
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	84,000	(84,000)	-	-	
CAL78C	1280510	I-805 South: 2 HOV and DAR	-	39,000	(39,000)	-	-	
CAL78D	1280515	I-805 South Soundwalls - Unit 1	-	45,000	(45,000)	-	-	
CAL114	1200513	SR56 Auxiliary Lane	-	506,000	(506,000)	-	-	
CAL277A	1207803	SR78/I-5 HOV Connector	-	(31,000)	31,000	-	-	(c)
CAL552	1685501	CMCP-Sbay to Sorrento	-	(8,425)	8,425	-	-	(c)
CAL553	1607801	CMCP - SPRINTER/Palomar Airport Rd/SR78/SR76	-	(3,154)	3,154	-	-	(c)
SAN23	1257001	Mid-Coast LRT Corridor Project	-	(2,000)	2,000	-	-	(c)
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	(87)	87	-	-	(c)
SAN47	1280504	South Bay BRT	-	(9,147)	9,147	-	-	(c)
SAN60	1239820	COASTER Train Sets	-	2,184,478	(2,184,478)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	58,000	(58,000)	-	-	
SAN258	1149000	Central Mobility Station	-	4,000	(4,000)	-	-	
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	-	1,155,905	(1,155,905)	-	-	
V11	1201101	State Route 11	-	175,000	(175,000)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	2,500	(2,500)	-	-	
V22	1606701	CMCP-San Vicente Corridor	-	(90)	90	-	-	(c)
		Total Major Corridor - Pass-Through	-	3,868,383	(3,868,383)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2022	Notes
Major Corridor:								
CAL09	1200501	I-5 North Coast	\$ -	\$ 6,191	\$ (6,191)	\$ -	\$ -	
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	1,732,436	(1,732,436)	-	-	
CAL09	1200509	I-5 San Elijo Bridge Replace	-	1,419,010	(1,419,010)	-	-	
CAL09	1200510	I-5 HOV Carlsbad	-	191,027	(191,027)	-	-	
		Total CAL09	-	3,348,664	(3,348,664)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	165	(165)	-	-	
CAL29B	1207606	SR 76 East	(163,438)	(248,686)	70,746	-	(341,378)	(d)(e)
CAL68	1212501	SR94/SR125 S to E Connector	-	62,419	(62,419)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	37,852	(37,852)	-	-	
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	531	(531)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	409	(409)	-	-	
CAL78D	1280515	I-805 S Soundwalls	-	18,473	(18,473)	-	-	
CAL114	1200513	SR56 Auxiliary Lane	-	26,682	(26,682)	-	-	
CAL277	1207802	I-15/SR78 HOV Connectors	-	60,428	(60,428)	-	-	
CA278	1207804	SR78 HOV Lanes: I-5 to I-15	-	4,824	(4,824)	-	-	
CAL502	1280516	I-805 North Construct Operational Improvements	-	(17,760)	17,760	-	-	(a)
CAL538	1206701	SR67 Improvements	-	17,125	(17,125)	-	-	
CAL550	1605201	CMCP-Coast Canyon Trails SR52	-	11,984	(11,984)	-	-	
CAL552	1685501	CMCP-Sbay to Sorrento	-	1,521,539	(1,521,539)	-	-	
CAL553	1607801	CMCP - SPRINTER/Palomar Airport Rd/SR78/SR76	-	9,316	(9,316)	-	-	
CAL614	1280516	I-805 North Construct Operational Improvements	-	18,273	(18,273)	-	-	
SAN04	1201504	I-15 FasTrak®	-	9,057	(9,057)	-	-	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	73,263,726	(73,263,726)	-	-	
SAN26B	1201509	Downtown BRT Stations	-	2,443	(2,443)	-	-	
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	14,453	(14,453)	-	-	
SAN27	1300601	San Ysidro Intermodal Freight Facility	-	8	(8)	-	-	
SAN29	1239812	Sorrento to Miramar Phase 2	-	641,443	(641,443)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	-	1,722,051	(1,722,051)	-	-	
		Subtotal Major Corridor	(163,438)	80,525,419	(80,703,359)	-	(341,378)	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2022	Notes
		Major Corridor balance carried forward	\$ (163,438)	\$ 80,525,419	\$ (80,703,359)	\$ -	\$ (341,378)	
SAN36	1144000	Substation SCADA Design	-	382,148	(382,148)	-	-	
SAN46	1041502	Super Loop	-	5,003	(5,003)	-	-	
SAN47	1280504	South Bay BRT	-	387,797	(387,797)	-	-	
SAN54	1147700	Next Operating System (Next OS)	-	23,460	(23,460)	-	-	
SAN54	3310500	511 ATIS	-	89,871	(89,871)	-	-	
SAN54	3311000	ITS Operations	-	792,930	(792,930)	-	-	
SAN54	3330700	TSM-Integrated Corridor Management Program	-	319,555	(319,555)	-	-	
SAN54	3331200	RTS Mgt & Op Plan	-	-	-	-	-	
		Total SAN54	-	1,225,816	(1,225,816)	-	-	
SAN57	1128100	Mainline Drainage	-	51,467	(51,467)	-	-	
SAN64	1239809	Eastbrook to Shell Double Track	-	422,531	(422,531)	-	-	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	9,973	(9,973)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	13,182	(13,182)	-	-	
SAN117	1239805	Poinsettia Station Improvements	-	22,243	(22,243)	-	-	
SAN119	1239807	Sorrento Valley Double Track	-	18,929	(18,929)	-	-	
SAN129	1201514	Downtown Multiuse and Bus Stopover Facility	-	204,598	(204,598)	-	-	
SAN132	1239811	Elvira to Morena Double Track	-	1,668,772	(1,668,772)	-	-	
SAN149	1239814	Coaster PE	-	185,899	(185,899)	-	-	
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	-	386,914	(386,914)	-	-	
SAN164	1144900	N. Green Beach Bridge	-	24,526	(24,526)	-	-	
SAN173	1210040	BL Rail Infrastructure	-	19,451	(19,451)	-	-	
SAN182	1239815	San Diego River Bridge	-	406,141	(406,141)	-	-	
SAN183	1239816	Batiquitos Lagoon Double Track	-	666,555	(666,555)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	1,356,901	(1,356,901)	-	-	
		Subtotal Major Corridor	(163,438)	87,984,265	(88,162,205)	-	(341,378)	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Project Status July 1, 2021	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2022	Notes
		Major Corridor balance carried forward	\$ (163,438)	\$ 87,984,265	\$ (88,162,205)	\$ -	\$ (341,378)	
SAN253	1600501	CMCP - Central Mobility Hub	-	1,760	(1,760)	-	-	
SAN253	1600503	CMH Military Inst. Resilience	-	7,585	(7,585)	-	-	
SAN253	1600504	CMCP-CMH & Connections	-	5,274	(5,274)	-	-	
		Total SAN253	-	14,619	(14,619)	-	-	
SAN254	1600801	CMCP-High Speed Transit/I-8	-	8,952	(8,952)	-	-	
SAN258	1149000	Central Mobility Station	-	1,868,108	(1,868,108)	-	-	
SAN259	1239821	LOSSAN Corridor Improvements	-	68,493	(68,493)	-	-	
SAN260	1239820	COASTER Train Sets	-	3,447	(3,447)	-	-	
SAN261	1210091	Palomar Street Rail Grade Separation	-	43,878	(43,878)	-	-	
SAN262	1210090	Low-Floor Light Rail Transit Vehicles	-	1,107	(1,107)	-	-	
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	-	198,762	(198,762)	-	-	
SAN269	1600101	CMCP - Region Wide Plan	-	238,104	(238,104)	-	-	
SAN274	1239819	Carlsbad Village Double Track Trench	-	95	(95)	-	-	
SAN281	1210021	Blue Line Railway Signal Improvements	-	69,643	(69,643)	-	-	
V11	1201101	State Route 11	-	683,313	(683,313)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	628,115	(628,115)	-	-	
V18	1200507	I-5/Voigt Drive Improvements	-	306,953	(306,953)	-	-	
V22	1606701	CMCP-San Vicente Corridor	-	2,221	(2,221)	-	-	
		Total Major Corridor	(163,438)	92,120,075	(92,298,015)	-	(341,378)	
		Total <i>TransNet</i> Extension	\$ (83,325)	\$ 174,272,248	\$ (172,849,481)	\$ -	\$ 1,339,442	

Notes:

- (a) Negative expenditures in FY22 due to prior year corrections.
- (b) Adjustment made from SAN230 to SAN284 for current FY and PY project 1223087 expenditures.
- (c) *TransNet* funds were returned in FY22 due to Caltrans EAP refund of excess deposit on hand. See Caltrans audit for more detail.
- (d) *TransNet* funds were returned in FY22 due to other funding received for prior year expenditures.
- (e) PIO in progress with Caltrans to swap *TransNet* funds with other project funding.

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
TransNet Extension:					
Administration:					
		SANDAG 1% Administration (increased to 2% in FY22)	\$ 42,518,445	\$ (40,837,625)	\$ 1,680,820
		Total Administration	<u>42,518,445</u>	<u>(40,837,625)</u>	<u>1,680,820</u>
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through:					
CAL330	1223014	SR-15 Commuter Bike Facility	2,556,999	(2,556,999)	-
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	203,659	(203,659)	-
NC35	1223089	National City Bicycle Parking Enhancements	46,071	(46,071)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	4,786,000	(4,786,000)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	28,937	(28,937)	-
SD259	1223091	Move Free SD Education, Encouragement and Awareness Campaign	124,998	(124,998)	-
VISTA54	1224035	Paseo Santa Fe Phase II - (Congestion Relief)	<u>3,700,000</u>	<u>(3,700,000)</u>	<u>-</u>
		Total BPNS - Pass Through	<u>11,446,664</u>	<u>(11,446,664)</u>	<u>-</u>
BPNS:					
CAL330	1223014	SR-15 Commuter Bike Facility	339,687	(339,687)	-
NC35	1223089	National City Bicycle Parking Enhancements	-	-	-
	3300100/				
SAN40	3300200/	Metropolitan Planning	747,082	(747,082)	-
	3300300				
SAN73A	1239817	Chesterfield Drive Crossing Improvements	486,000	(486,000)	-
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	2,531,726	(2,531,726)	-
SAN153	1223023	The Inland Rail Trail	21,010,760	(21,010,760)	-
SAN153	1223094	Inland Rail Trail Ph 3	723,945	(723,945)	-
SAN153	1223095	Inland Rail Trail Ph 4	130	(130)	-
		Total SAN153	<u>21,734,835</u>	<u>(21,734,835)</u>	<u>-</u>
		Subtotal BPNS	<u>25,839,330</u>	<u>(25,839,330)</u>	<u>-</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
		Balance carried forward - BPNS	\$ 25,839,330	\$ (25,839,330)	\$ -
SAN154	1129900	Bayshore Bikeway Segment 8B	780,910	(780,910)	-
SAN155	1223016	Coastal Rail Trail - Rose Creek	22,907,183	(22,907,183)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	3,193,004	(3,193,004)	-
SAN156	3301100	Plan for Future Coastal Rail Trail	33,011	(33,011)	-
		Total SAN156	3,226,015	(3,226,015)	-
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	1,438,632	(1,438,632)	-
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	19,631,546	(19,631,546)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	7,175,528	(7,175,528)	-
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	905,792	(905,792)	-
SAN203	1223056	San Ysidro to IB Parkway	3,069,121	(3,069,121)	-
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	1,259,212	(1,259,212)	-
SAN205	1223057	NP to Downtown/Balboa Bikeway	6,909,725	(6,909,725)	-
SAN206	1223058	Southeast to Downtown Bikeway	3,533,457	(3,533,457)	-
SAN230	1223079	North Park/Mid-City Bikeways: Howard Bikeway	2,007,462	(665,706)	1,341,756
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	2,999,877	(2,999,877)	-
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	25,618,353	(25,618,353)	-
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	2,629,010	(2,629,010)	-
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	2,291,635	(2,291,635)	-
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	154,895	(154,895)	-
SAN272	1223093	GObyBIKE San Diego: Construction Outreach Program	247,401	(247,401)	-
SAN284	1223087	North Park/Mid-City Orange Bikeway	389,170	(1,730,926)	(1,341,756)
		Total BPNS	133,014,254	(133,014,254)	-

(Continued)

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
Senior Services - Pass-Through:					
LAM27	1270400	La Mesa - Rides4Neighbors	\$ 1,599,964	\$ (1,599,964)	\$ -
SAN70	1271000	Jewish Family Services - Rides and Smiles	1,088,679	(1,088,679)	-
SAN70	1271800	On the Go (Eastern San Diego)	957,082	(957,082)	-
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and Smiles	1,274,076	(1,274,076)	-
		Total SAN70	<u>3,319,837</u>	<u>(3,319,837)</u>	<u>-</u>
SAN87	1272700	Elderhelp - Volunteer Driver Program	123,370	(123,370)	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	557,866	(557,866)	-
SAN92	1271300	Travelers Aid Society - SeniorRide	1,878,648	(1,878,648)	-
SAN141	1271000	Jewish Family Services	928,710	(928,710)	-
SAN168	1271900	FACT Mobility Management	1,667,191	(1,667,191)	-
SAN185	1270800	FACT Ride FACT	1,268,831	(1,268,831)	-
SAN243	1272600	FACT RIDEFinder	98,701	(98,701)	-
SAN278	1270800	FACT MedRide	182,819	(182,819)	-
SAN279	1272600	RIDEFinder	36,739	(36,739)	-
		Total Senior Services - Pass-Through	<u>11,662,676</u>	<u>(11,662,676)</u>	<u>-</u>
Senior Services:					
SAN40	3320100/3 320201	Short Range Transit Svc Activities/Specialized Transportation	708,129	(708,129)	-
		Total Senior Services	<u>708,129</u>	<u>(708,129)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
Smart Growth - Pass-Through:					
CHV86	1224059	Third Avenue Streetscape Improvement Project (TASIP-STL406) Phase II	\$ 2,179,819	\$ (2,179,819)	\$ -
CNTY95	1224054	Alpine Community Plan Implementation	50,356	(50,356)	-
CNTY96	1224055	Casa De Oro - Campo Road Specific Plan	480,272	(480,272)	-
CNTY97	1224056	Valley Center Community Plan Update	318,063	(318,063)	-
EL40	1224067	El Cajon Transit Center Community Connection Improvements	337,551	(337,551)	-
EL41	1224068	Main Street - Green Street Gateway	313,560	(313,560)	-
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Congestion Relief)	1,157,744	(1,157,744)	-
LAM47	1224036	N Spring Street Smart Growth	992,503	(992,503)	-
LAM49	1224047	Complete Streets Integrated Design Manual	154,569	(154,569)	-
LG26	1224069	Connect Main Street, Ph 1&2	296,472	(296,472)	-
NC29	1224048	National City 24th St Transit Oriented Development Overlay	446,425	(446,425)	-
NC36	1224061	Roosevelt Avenue Corridor Smart Growth Revitalization Project	1,868,683	(1,868,683)	-
NC37	1224062	Sweetwater Road Protected Bikeway	306,452	(306,452)	-
O49	1224058	Coastal Rail Trail Extension	421,754	(421,754)	-
SD253	1224049	Clairemont Transit Oriented Development Design Concepts	491,952	(491,952)	-
SD254	1224050	College Area Smart Growth Study (CASGS)	499,813	(499,813)	-
SD255	1224051	E Street Greenway Master Plan	94,997	(94,997)	-
SD256	1224052	Mira Mesa Transit Oriented Development	499,999	(499,999)	-
SD257	1224053	University Community Smart Growth Concept Study	499,991	(499,991)	-
SD261	1224064	Downtown San Diego Wayfinding Signage - Cycle Network	155,405	(155,405)	-
SD262	1224065	East Village Green Park Phase I	56,324	(56,324)	-
VISTA58	1224066	Paseo Santa Fe Phase II	2,250,915	(2,250,915)	-
Total Smart Growth - Pass-Through			<u>13,873,619</u>	<u>(13,873,619)</u>	<u>-</u>
Smart Growth:					
SAN40	3300100	TransNet Smart Growth Incentive Program	780,080	(780,080)	-
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	648,000	(648,000)	-
Total Smart Growth			<u>1,428,080</u>	<u>(1,428,080)</u>	<u>-</u>

(Continued)

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
Local Street Improvements:					
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	\$ 105,300	\$ (105,300)	\$ -
CHV39	3311002	Traffic Signal System Optimization	155,000	(155,000)	-
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	112,500	(112,500)	-
EL06	3311002	Traffic Signals Project	97,000	(97,000)	-
ENC28	3311002	Traffic Signal Modifications	74,000	(74,000)	-
LAM46	3311002	Regional Arterial Management System (RAMS) - (CR)	59,200	(59,200)	-
NC04	3311002	Traffic Signal Install/Upgrade	80,000	(80,000)	-
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	100,800	(100,800)	-
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	65,700	(65,700)	-
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	608,400	(608,400)	-
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	97,200	(97,200)	-
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	66,600	(66,600)	-
VISTA56	3311002	Traffic Congestion Management Program - CIP 8294	44,000	(44,000)	-
Total Local Street Improvements			1,665,700	(1,665,700)	-
Regional Environmental Mitigation Program (EMP) - Pass-Through:					
CAL29	1207602	Caltrans SR 76 Middle EMP	6,146,000	(6,146,000)	-
CAL29B	1207606	Caltrans SR 76 East EMP	8,133,000	(8,133,000)	-
V07	12002xx	Caltrans EMP	180,757,885	(180,757,885)	-
V08	1200300	Regional Habitat Conservation Fund	49,142	(49,142)	-
V08	1200312	Program Developer/Administrator	154,088	(154,088)	-
V08	1200313	Invasive Plant Species Management	189,093	(189,093)	-
V08	1200316	Management Coordinator	77,993	(77,993)	-
V08	1200329	GIS Support	131,322	(131,322)	-
V08	1200331	Wildlife Corridor and Linkages Monitoring	522,097	(522,097)	-
V08	1200332	Rare and Endemic Plant Monitoring and Recovery	231,524	(231,524)	-
V08	1200350	Administrative and Science Support	200,275	(200,275)	-
V08	1200355	Invasive Animal Species Management	571,024	(571,024)	-
V08	1200357	Database Support	105,771	(105,771)	-
Subtotal V08			2,232,329	(2,232,329)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
		Balance carried forward - Subtotal V08	\$ 2,232,329	\$ (2,232,329)	\$ -
V08	1200374	Biologist	154,106	(154,106)	-
V08	1200376	Vertebrate Monitoring	1,149,304	(1,149,304)	-
V08	1200377	Invertebrate Monitoring	24,392	(24,392)	-
V08	1201302	SDNWR: Mother Miguel Mountain	19,504	(19,504)	-
V08	1201319	Otay Mesa Rare Plants	140,653	(140,653)	-
V08	1201320	Proctor Valley Vernal Pools	393,853	(393,853)	-
V08	1201321	North County Dunes 2	197,796	(197,796)	-
V08	1201322	SD Thornmint Restoration	67,568	(67,568)	-
V08	1201323	Navajo Canyon	79,725	(79,725)	-
v08	1201324	Florida Canyon	43,315	(43,315)	-
V08	1201326	Otay Mesa Open Space	79,985	(79,985)	-
V08	1201328	Cabrillo	20,941	(20,941)	-
V08	1201329	Ramona Grasslands	79,786	(79,786)	-
V08	1201330	Rice Canyon Invasive Removal	30,170	(30,170)	-
V08	1201333	Rare Plants 2	79,885	(79,885)	-
V08	1201334	Silverwood-Anstine	34,309	(34,309)	-
V08	1201336	Invasive Species Management	178,661	(178,661)	-
V08	1201337	San Pasqual Cactus Wren	104,891	(104,891)	-
V08	1201338	Lower Otay Reservoir	82,119	(82,119)	-
V08	1201340	Mission Bay Park	195,332	(195,332)	-
V08	1201341	Stinknet Removal	109,307	(109,307)	-
		Total V08	<u>5,497,931</u>	<u>(5,497,931)</u>	<u>-</u>
		Total Regional EMP - Pass-Through	<u>200,534,816</u>	<u>(200,534,816)</u>	<u>-</u>

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
Environmental Mitigation Program (EMP):					
V07	12002xx	Biological Mitigation	\$ 178,314,207	\$ (178,314,207)	\$ -
V08	12003xx/ 12001xx	Regional Habitat Conservation Fund	<u>34,345,540</u>	<u>(34,345,540)</u>	<u>-</u>
		Total EMP	<u>212,659,747</u>	<u>(212,659,747)</u>	<u>-</u>
BRT/Rail Operations					
SAN80	1130100	Financial ERP System	1,256,498	(1,256,498)	-
SAN80	1131600	Human Resources Info System	483,327	(483,327)	-
SAN80	1147400	Content Management	564,098	(564,098)	-
SAN80	2300000	Transportation Analysis Model	309,428	(309,428)	-
SAN80	2301900	Quality Assurance & Control	1,095,895	(1,095,895)	-
SAN80	2302100	Transportation Modeling Development	9,783	(9,783)	-
SAN80	2302200	Data Dissemination	154,384	(154,384)	-
SAN80	2302300	Data Acquisition, Management, Govern	2,252,296	(2,252,296)	-
SAN80	2401000	Regional Econ Research & Analysis	172,500	(172,500)	-
SAN80	2402000	Data Science, Open/Big Data	1,596,429	(1,596,429)	-
SAN80	3102000	SD Forward Regional Plan	6,736,737	(6,736,737)	-
SAN80	3310703	TDM - Program & Svs Delivery	53,154	(53,154)	-
SAN80	3310714	Mobility & Innovations Program	784,336	(784,336)	-
SAN80	3400500	Interregional Planning: Tribal Liaison Program	5,000	(5,000)	-
SAN80	8000103	Office of the Independent Performance Auditor	807,101	(807,101)	-
SAN80	8000180	Information Services	<u>715,841</u>	<u>(715,841)</u>	<u>-</u>
		Total BRT/Rail Operations	<u>16,996,807</u>	<u>(16,996,807)</u>	<u>-</u>

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
Major Corridor - Pass-Through:					
CAL09	1200501	I-5 North Coast	\$ 14,807,503	\$ (14,807,503)	\$ -
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	44,090,408	(44,090,408)	-
CAL09	1200509	I-5 San Elijo Bridge Replace	40,072,528	(40,072,528)	-
CAL09	1200510	I-5 HOV Carlsbad	1,360,000	(1,360,000)	-
		Total CAL09	<u>100,330,439</u>	<u>(100,330,439)</u>	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	27,346,501	(27,346,501)	-
CAL26	1205203	State Route 52 Freeway (E&F)	58,950,735	(58,950,735)	-
CAL29	1207602	SR 76 Middle	40,991,101	(40,991,101)	-
CAL29B	1207606	SR 76 East	50,537,620	(50,537,620)	-
CAL38	1390501	SR-905 New Freeway	612,439	(612,439)	-
CAL68	1212501	SR 94/125 Southbound to Eastbound Connector	419,603	(419,603)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	13,099,000	(13,099,000)	-
CAL78B	1280511	I-805 North: 2HOV	4,407,000	(4,407,000)	-
CAL78C	1280510	I-805 South: 2 HOV and DAR	103,977,031	(103,977,031)	-
CAL78D	1280515	I-805 South Soundwalls - Unit 1	4,661,374	(4,661,374)	-
CAL114	1200513	SR56 Auxiliary Lane	873,596	(873,596)	-
CAL277A	1207803	SR78/I-5 HOV Connector	2,627,478	(2,627,478)	-
CAL550	1605201	CMCP-Coast Canyon Trails SR52	232,000	(232,000)	-
CAL552	1685501	CMCP-Sbay to Sorrento	258,575	(258,575)	-
CAL553	1607801	CMCP-SPRINTER/Palomar Airport Rd/S	301,846	(301,846)	-
		Subtotal Major Corridor - Pass-Through	<u>409,626,338</u>	<u>(409,626,338)</u>	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
		Balance carried forward - Major Corridor - Pass-Through	\$ 409,626,338	\$ (409,626,338)	\$ -
SAN23	1257001	Mid-Coast LRT Corridor Project	420,000	(420,000)	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	11,674,073	(11,674,073)	-
SAN47	1280504	South Bay BRT	2,929,180	(2,929,180)	-
SAN60	1239820	COASTER Train Sets	3,684,478	(3,684,478)	-
SAN73	1239806	San Elijo Lagoon Double Track	7,786,582	(7,786,582)	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	3,154,106	(3,154,106)	-
SAN183	1239816	Batiquitos Lagoon Double Track	655,365	(655,365)	-
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	149,000	(149,000)	-
SAN258	1149000	Central Mobility Station	4,000	(4,000)	-
SAN264	3502000	Regional Electric Vehicle Charging Incentive	2,284,000	(2,284,000)	-
V11	1201101	State Route 11	1,733,550	(1,733,550)	-
V15	1200508	I-5 Gilman Drive Bridge	116,499	(116,499)	-
V18/CAL369	1200507	I-5/Voigt Drive Direct Access Ramp	686,952	(686,952)	-
V22	1606701	CMCP-San Vicente Corridor	11,910	(11,910)	-
	1200100	TransNet Project Office	364,156	(364,156)	-
		Total Major Corridor - Pass-Through	<u>445,280,189</u>	<u>(445,280,189)</u>	-
		Major Corridor:			
CAL09	1200501	I-5 North Coast	15,069,883	(15,069,883)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	18,492,024	(18,492,024)	-
CAL09	1200509	I-5 San Elijo Bridge Replace	12,960,312	(12,960,312)	-
CAL09	1200510	I-5 HOV Carlsbad	236,451	(236,451)	-
		Total CAL09	<u>46,758,670</u>	<u>(46,758,670)</u>	-
		Subtotal Major Corridor	<u>46,758,670</u>	<u>(46,758,670)</u>	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
		Balance carried forward - Major Corridor	\$ 46,758,670	\$ (46,758,670)	\$ -
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	4,915,649	(4,915,649)	-
CAL26	1205203	State Route 52 Freeway (E&F)	16,928,267	(16,928,267)	-
CAL29	1207602	SR 76 Middle	7,000,739	(7,000,739)	-
CAL29B	1207606	SR 76 East	(520,917)	179,539	(341,378)
CAL38	1390501	SR-905 New Freeway	725,883	(725,883)	-
CAL68	1212501	SR-94-125 Widening	1,625,443	(1,625,443)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	5,533,231	(5,533,231)	-
CAL78B	1280511	I-805 North: 2 HOV	2,604,955	(2,604,955)	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	9,144,925	(9,144,925)	-
CAL78D	1280515	I-805 S Soundwalls	873,702	(873,702)	-
CAL114	1200513	SR56 Auxiliary Lane	32,023	(32,023)	-
CAL277	1207802	I-15/SR78 HOV Connectors	183,966	(183,966)	-
CAL277A	1207803	SR78/I-5 HOV Connector	11	(11)	-
CAL278	1207804	SR78 HOV Lanes: I-5 to I-15	4,824	(4,824)	-
CAL369/V18	1200507	I-5/Voigt Drive Direct Access Ramp	4,531,346	(4,531,346)	-
CAL399	1200508	I-5/Gilman Drive Bridge	155,804	(155,804)	-
CAL502	1280516	I-805 North Construct Operational Improvements	-	-	-
CAL538	1206701	SR67 Improvements	17,125	(17,125)	-
CAL550	1605201	CMCP - Sea to Santee (SR52)	73,549	(73,549)	-
CAL552	1685501	CMCP-Sbay to Sorrento	2,791,469	(2,791,469)	-
CAL553	1607801	CMCP - SPRINTER/Palomar Airport Rd/SR78/SR76	64,731	(64,731)	-
CAL614	1280516	I-805 North Construct Operational Improvement	18,273	(18,273)	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	25,810,454	(25,810,454)	-
SAN23	1257001	Mid-Coast Corridor Transit Project	870,897,616	(870,897,616)	-
SAN26B	1201509	Downtown BRT Stations	20,744,583	(20,744,583)	-
SAN26C	1201507	I-15 BRT Transit Stations - South	26,465,994	(26,465,994)	-
SAN27	1300601	San Ysidro Intermodal Freight Facility	4,655,315	(4,655,315)	-
		Subtotal Major Corridor	<u>1,052,037,630</u>	<u>(1,052,379,008)</u>	<u>(341,378)</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

<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, 2022</u>
		Balance carried forward - Major Corridor	\$ 1,052,037,630	\$ (1,052,379,008)	\$ (341,378)
SAN29	1239812	Sorrento to Miramar Phase 2	7,258,377	(7,258,377)	-
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	7,113,411	(7,113,411)	-
SAN36	1144000	Substation SCADA Design	535,743	(535,743)	-
SAN36	1129200	OCS Insulator/Catch Cable Replacement	541,239	(541,239)	-
		Total SAN36	<u>1,076,982</u>	<u>(1,076,982)</u>	<u>-</u>
SAN46	1041502	<i>SuperLoop</i>	33,093,113	(33,093,113)	-
SAN47	1280504	Otay BRT	100,508,105	(100,508,105)	-
SAN54	1144800	Regional Arterial Detection P1	197,537	(197,537)	-
SAN54	1147700	Next Operating System (Next OS)	23,460	(23,460)	-
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	1,287,421	(1,287,421)	-
SAN54	3311000	ITS Operations	13,161,857	(13,161,857)	-
SAN54	3330700	TSM-Integrated Corridor Management Program	897,389	(897,389)	-
		Total SAN54	<u>15,567,664</u>	<u>(15,567,664)</u>	<u>-</u>
SAN57	1128100	Mainline Drainage	51,467	(51,467)	-
SAN64	1239809	Eastbrook to Shell Double Track	4,157,142	(4,157,142)	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	15,389,011	(15,389,011)	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	1,223,285	(1,223,285)	-
SAN78	1240001	Mid-City Rapid Bus	21,219,386	(21,219,386)	-
SAN117	1239805	Poinsettia Run Through Track	16,841,734	(16,841,734)	-
SAN119	1239807	Sorrento Valley Double Track	3,640,436	(3,640,436)	-
SAN129	1201514	Downtown Layover Facility	18,357,918	(18,357,918)	-
SAN130	1239810	Carlsbad Village Double Track	2,347,977	(2,347,977)	-
		Subtotal Major Corridor	<u>1,299,883,638</u>	<u>(1,300,225,016)</u>	<u>(341,378)</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
		Balance carried forward - Major Corridor	\$ 1,299,883,638	\$ (1,300,225,016)	\$ (341,378)
SAN132	1239811	Elvira to Morena Double Track	36,687,711	(36,687,711)	-
SAN149	1239814	Coaster PE	1,426,056	(1,426,056)	-
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	5,466,356	(5,466,356)	-
SAN164	1144900	N. Green Beach Bridge	24,526	(24,526)	-
SAN172	1210030	Blue Line Station Rehabilitation	32,810,012	(32,810,012)	-
SAN173	1210040	Blue Line Rail Infrastructure	15,504,660	(15,504,660)	-
SAN182	1239815	San Diego River Bridge	12,549,142	(12,549,142)	-
SAN183	1239816	Batiquitos Lagoon Double Track	5,212,744	(5,212,744)	-
SAN201	1145500	Airport Connection	1,076,801	(1,076,801)	-
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	1,655,107	(1,655,107)	-
SAN224	1280513	I-805/SR 94 Bus on Shoulder Demonstration Project	12,995,902	(12,995,902)	-
SAN253	1600501	CMCP - Central Mobility Hub	480,231	(480,231)	-
SAN253	1600503	CMH Military Inst. Resilience	87,539	(87,539)	-
SAN253	1600504	CMCP - CMH & Connections	12,820	(12,820)	-
		Total SAN253	580,590	(580,590)	-
SAN254	1600801	CMCP-High Speed Transit/I-8	8,952	(8,952)	-
SAN258	1149000	Central Mobility Station	12,106,808	(12,106,808)	-
SAN259	1239821	LOSSAN Corridor Improvements	79,546	(79,546)	-
SAN60	1239820	COASTER Train Sets	12,273	(12,273)	-
SAN261	1210091	Palomar Street Rail Grade Separation	44,461	(44,461)	-
SAN262	1210090	Low-Floor Light Rail Transit Vehicles	1,107	(1,107)	-
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	451,111	(451,111)	-
SAN269	1600101	CMCP - Region Wide Plan	586,919	(586,919)	-
SAN274	1239819	Carlsbad Village Double Track Trench	10,760	(10,760)	-
SAN281	1210021	Blue Line Railway Signal Improvements	99,946	(99,946)	-
V11	1201101	State Route 11	8,434,821	(8,434,821)	-
V15	1200508	I-5/Gilman Drive Bridge	14,210,858	(14,210,858)	-
V18	1200507	I-5/Voigt Drive Improvements	16,646,775	(16,646,775)	-
V22	1606701	CMCP-San Vicente Corridor	4,402	(4,402)	-
		Total Major Corridor	1,478,571,984	(1,478,913,362)	(341,378)
		Subtotal Cumulative <i>TransNet</i> Extension	2,570,361,110	(2,569,021,668)	1,339,442

(Continued)

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2022

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2022
		Balance Carried Forward - Subtotal <i>TransNet</i> Extension	\$ 2,570,361,110	\$ (2,569,021,668)	\$ 1,339,442
		Completed Projects			
		Bike, Pedestrians & Neighborhood Safety (BPNS):	20,321,721	(20,321,721)	-
		Senior Services	6,892,581	(6,892,581)	-
		Smart Growth	31,357,956	(31,357,956)	-
		Transit Systems Improvement	11,000,000	(11,000,000)	-
		Local Street Improvements	3,271,619	(3,271,619)	-
		Regional Environmental Mitigation Program	13,643,979	(13,643,979)	-
		BRT/Rail Operations	166,589	(166,589)	-
		Major Corridor	631,938,694	(631,938,694)	-
		Total Completed Projects	<u>718,593,139</u>	<u>(718,593,139)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	\$ <u>3,288,954,249</u>	\$ <u>(3,287,614,807)</u>	\$ <u>1,339,442</u>