

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

*TransNet and TransNet Extension
Activities*

Year Ended June 30, 2023

DRAFT

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Year Ended June 30, 2023

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INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2023

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INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2023

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INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2023

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, 2023. 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 accountants issue a report of compliance 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.

Summary of all 8 criteria for the past three fiscal years are documented at Attachment A.

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TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2023

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 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 September 2023 through December 2023.

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

Year Ended June 30, 2023

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, 2023. See Attachment B 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.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2023

Based upon the results of the procedures performed, all recipient agencies, were in compliance with the 30% Rule. See Attachment C 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 2023 *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 D 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 E.

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. If indirect costs exceeded 10% of total *TransNet* expenditures, we documented an explanation. See Attachment F for the indirect costs allocated to the RTIP.

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

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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 \$2,688.21 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, Del Mar, El Cajon, La Mesa, Solana Beach and County of San Diego were in compliance with the RTCIP requirements. See the Summary of Findings by Recipient Agency for further information.

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,

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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, 2022 and June 30, 2023;
- Calculated the increase in the CPI for San Diego County between June 30, 2022 and June 30, 2023; 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.

North County Transit District (NCTD) and San Diego Metropolitan Transit System (MTS) were not in compliance with both bus and rail operator portion of the eligibility requirements. See the Summary of Findings by Recipient Agency for further information.

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TransNet and TransNet Extension Activities

Summary of Results

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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 Del Mar	Need to use approved exaction fee	In process of collecting
City of El Cajon	Need to use approved exaction fee	In process of collecting
City of La Mesa	Need to use approved exaction fee	In process of collecting
County of San Diego	Need to use approved exaction fee	In process of collecting
City of Solana Beach	RTCIP funding not expended nor committed within seven years of collection	City Council approved to amend the 2023 RTIP list of projects and commit to spending RTCIP funds in fiscal years 2024 and 2025 and to revise the City's Capital Improvement Program budget for the Traffic Signal Upgrades Phase 1 project by substituting Gas Tax funding with RTCIP funding
San Diego Metropolitan Transit System	Increase in operating cost per revenue vehicle hours and miles exceeded increase in CPI	Requesting to use 3 year average
North County Transit District	Increase in operating cost per revenue vehicle hours and miles exceeded increase in CPI	Requesting to use 3 year average

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

Summary of 8 Major Compliance Components

City of Carlsbad	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Chula Vista	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Coronado	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	No	No	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Del Mar	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	No	No
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	No	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of El Cajon	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	No	Yes	No
Transit Operator Eligibility	n/a	n/a	n/a

City of Encinitas	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Escondido	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	No	No
Transit Operator Eligibility	n/a	n/a	n/a

City of Imperial Beach	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of La Mesa	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	No	No	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Lemon Grove	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	No
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	No	No
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of National City	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	No	No
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Oceanside	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Poway	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of San Diego	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of San Marcos	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	No	No
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Santee	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Solana Beach	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	No	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Vista	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

Caltrans	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

County of San Diego	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	No	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

SANDAG	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

MTS	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	n/a	n/a	n/a
LSI – Maintenance Monitoring	n/a	n/a	n/a
Indirect Costs	Yes	Yes	Yes
RTCIP	n/a	n/a	n/a
Transit Operator Eligibility	No	Yes	Yes

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

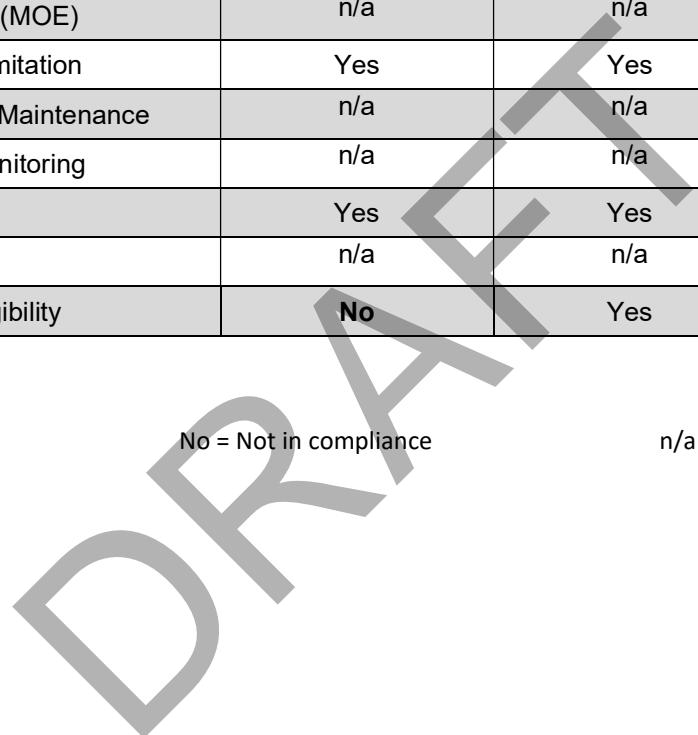
Summary of 8 Major Compliance Components

NCTD	FY 2023	FY 2022	FY 2021
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	n/a	n/a	n/a
LSI – Maintenance Monitoring	n/a	n/a	n/a
Indirect Costs	Yes	Yes	Yes
RTCIP	n/a	n/a	n/a
Transit Operator Eligibility	No	Yes	No

Yes = In Compliance

No = Not in compliance

n/a = Not applicable



Compliance With Maintenance of Effort Requirement

Recipient Agency	Fiscal Year 2023				Deficit Amount
	In Compliance	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	
Carlsbad	Yes	\$6,746,377	–	–	–
Chula Vista	Yes	4,387,018	–	–	–
Coronado	Yes	984,388	–	–	–
Del Mar	Yes	602,608	27,766	–	–
El Cajon	Yes	1,849,773	–	–	–
Encinitas	Yes	2,279,925	–	–	–
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	Yes	4,893,432	–	–	–
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 2021 – FY 2023

Recipient Agency	Fiscal Year 2023				Fiscal Year 2022				Fiscal Year 2021			
	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	1,477,093	653,397	–	Yes	1,259,563	830,551	–	Yes	1,050,395	988,467	–
Chula Vista	Yes	2,821,061	(480,229)	–	Yes	2,523,474	(344,144)	–	Yes	2,088,184	(1,458,118)	–
Coronado	Yes	242,680	107,341	–	Yes	231,738	(361,259)	–	Yes	210,209	6,844	–
Del Mar	Yes	42,619	3,285	–	Yes	37,385	3,167	–	Yes	50,095	3,090	–
El Cajon	Yes	1,059,124	(1,277,814)	–	Yes	989,663	(629,159)	–	Yes	828,745	13,665	–
Encinitas	Yes	728,255	142,498	–	Yes	666,660	(204,026)	–	Yes	561,554	(362,369)	–
Escondido	Yes	1,594,196	(321,770)	–	Yes	1,509,225	(1,659,886)	–	Yes	1,251,187	800,965	–
Imperial Beach	Yes	182,160	(109,219)	–	Yes	196,519	(19,704)	–	Yes	151,770	(223,434)	–
La Mesa	Yes	494,998	(94,884)	–	Yes	473,545	(855,519)	–	Yes	373,337	(673,595)	–
Lemon Grove	Yes	290,657	4,615	–	Yes	281,219	(90,478)	–	No	239,316	412,100	172,784
National City	Yes	603,110	(838,387)	–	No	578,295	1,373,673	795,378	No	482,679	772,606	289,927
Oceanside	Yes	1,927,938	(1,547,572)	–	Yes	1,358,351	(2,697,217)	–	Yes	1,065,681	(1,902,567)	–
Poway	Yes	622,290	(1,034,020)	–	Yes	584,864	(104)	–	Yes	492,613	303,658	–
San Diego, City	Yes	14,075,217	11,175,015	–	Yes	13,742,311	6,041,776	–	Yes	11,337,079	9,192,856	–
San Marcos	Yes	796,302	(784,208)	–	Yes	725,011	397,603	–	Yes	577,713	(213,880)	–
Santee	Yes	351,680	21,194	–	Yes	330,212	(63,042)	–	Yes	280,125	(14,233)	–
Solana Beach	Yes	113,953	1,702	–	Yes	102,117	(131,456)	–	Yes	76,283	(85,154)	–
Vista	Yes	1,009,302	(27,142)	–	Yes	944,059	518,622	–	Yes	779,208	(175,525)	–
County of San Diego	Yes	6,222,015	4,242,047	–	Yes	5,752,318	1,264,885	–	Yes	4,749,403	3,260,471	–
Transit												
Metropolitan Transit System (MTS)	Yes	13,680,714	–	–	Yes	12,923,070	–	–	Yes	10,729,134	–	–
North County Transit District (NCTD)	Yes	5,117,399	–	–	Yes	4,823,047	–	–	Yes	3,948,871	(2,127,862)	–

Yes = In Compliance

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

Compliance with Allocation of Local Street Improvements Revenues

Recipient Agency	Fiscal Year 2023		
	Allocation of Sales Tax Revenues Received	70% Congestion Relief Allocated	30% Maintenance Allocated
Carlsbad	\$4,923,643	\$3,446,550	\$1,477,093
Chula Vista	9,403,536	6,582,475	2,821,061
Coronado	808,934	566,254	242,680
Del Mar	274,021	191,815	82,206
El Cajon	3,530,412	2,471,289	1,059,124
Encinitas	2,427,518	1,699,262	728,256
Escondido	5,313,989	3,719,792	1,594,197
Imperial Beach	930,454	651,318	279,136
La Mesa	2,160,390	1,512,273	648,117
Lemon Grove	968,858	678,201	290,657
National City	2,010,366	1,407,256	603,110
Oceanside	6,426,459	4,498,521	1,927,938
Poway	2,074,301	1,452,011	622,290
San Diego, City	47,739,788	33,417,852	14,321,936
San Marcos	3,272,994	2,291,096	981,898
Santee	1,961,151	1,372,806	588,345
Solana Beach	593,273	415,291	177,982
Vista	3,364,341	2,355,039	1,009,302
County of San Diego	21,732,063	15,212,444	6,519,619

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	\$55,810,115	\$16,743,035	\$1,276,999	\$15,466,036	2.29%	Yes
Chula Vista	96,012,082	28,803,625	20,805,724	7,997,901	21.67%	Yes
Coronado	9,850,710	2,955,213	383,272	2,571,941	3.89%	Yes
Del Mar	7,468,633	2,240,590	403,270	1,837,320	5.40%	Yes
El Cajon	38,573,943	11,572,183	6,855,442	4,716,741	17.77%	Yes
Encinitas	28,948,548	8,684,564	1,117,046	7,567,518	3.86%	Yes
Escondido	63,208,675	18,962,603	16,555,765	2,406,838	26.19%	Yes
Imperial Beach	13,064,679	3,919,404	3,086,604	832,800	23.63%	Yes
La Mesa	31,137,567	9,341,270	5,053,061	4,288,209	16.23%	Yes
Lemon Grove	11,141,371	3,342,411	2,863,557	478,854	25.70%	Yes
National City	26,007,361	7,802,208	0	7,802,208	0.00%	Yes
Oceanside	82,963,585	24,889,076	15,061,339	9,827,737	18.15%	Yes
Poway	23,515,105	7,054,532	6,420,993	633,539	27.31%	Yes
San Diego, City	538,768,122	161,630,437	151,902,572	9,727,865	28.19%	Yes
San Marcos	50,025,096	15,007,529	3,738,035	11,269,494	7.47%	Yes
Santee	40,448,113	12,134,434	4,980,652	7,153,782	12.31%	Yes
Solana Beach	12,624,399	3,787,320	289,587	3,497,733	2.29%	Yes
Vista	38,542,257	11,562,677	7,583,189	3,979,488	19.67%	Yes
San Diego, County	248,219,433	74,465,830	11,011,411	63,454,419	4.44%	Yes

Indirect Costs Charged to *TransNet*

Recipient Agency	2023 Total <i>TransNet</i> Expenditures	2023 Indirect Costs Charged to <i>TransNet</i>	2023 Indirect Costs as a % of Total <i>TransNet</i> Expenditures	Last Allocation Plan Approval	2022 Indirect Costs as a % of Total <i>TransNet</i> Expenditures
Carlsbad	\$736,926	\$104,718	14.21%	2021 ^{1,3}	5.11%
Chula Vista	3,051,452	259,062	8.49%	2021 ³	2.54%
Coronado	131,400	0	0.00%	n/a	0.00%
Del Mar	131,959	0	0.00%	n/a	0.00%
El Cajon	1,059,346	9,209	0.87%	2021 ³	2.04%
Encinitas	1,177,737	0	0.00%	n/a	0.00%
Escondido	3,781,078	722,819	19.12%	2022 ^{1,3}	14.40%
Imperial Beach	1,069,678	0	0.00%	n/a	0.00%
La Mesa	1,076,766	0	0.00%	n/a	0.00%
Lemon Grove	802,989	115,677	14.41%	2019 ¹	16.44%
National City	3,879,583	0	0.00%	n/a	0.00%
Oceanside	1,840,903	100,261	5.45%	2010 ³	1.71%
Poway	2,545,337	0	0.00%	n/a	0.00%
San Diego, City	42,237,979 ⁴	5,742,120	13.59%	2022 ³	13.28%
San Marcos	1,071,760	0	0.00%	2023 ²	0.00%
Santee	1,012,371 ⁴	15,014	1.48%	2023 ³	0.52%
Solana Beach	263,839	0	0.00%	n/a	0.00%
Vista	1,706,590	0	0.00%	n/a	0.00%
Caltrans	18,325,110	1,469,111	8.02%	2024 ²	4.24%
San Diego, County	11,050,733	1,042,975	9.44%	2023 ³	1.42%
SANDAG	117,718,836	6,338,887	5.38%	2023 ²	2.99%
MTS	89,720,120	156,923	0.17%	2023 ²	0.27%
NCTD	27,836,599	0	0.00%	n/a	0.00%

Indirect Costs Charged to *TransNet*

n/a – not applicable because jurisdiction does not have a plan

¹ – approved by City Council

³ – approved by Management or another individual within the agency

² – approved by federal cognizant agency

⁴ – based on expenditure less debt service

DRAFT

CALTRANS

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 about 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	\$ 18,411,364
<i>TransNet</i> revenue recorded by Caltrans	<u>29,222,580</u>
Variance	<u>\$(10,811,216)</u>

The variance was a result of the following:

Paid by SANDAG in 2022 but received by Caltrans in 2023	\$ (13,596,500)
Paid by SANDAG in 2023 but received by Caltrans in 2024	2,784,057
Caltrans BPNS refund payment	<u>1,227</u>
Variance	<u>\$(10,811,216)</u>

- e. We identified the interest income reported for the fiscal year.
- i. We reviewed the interest income reported on Schedule A and agreed 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 \$18,325,110 (prior to the adjustments being netted). We selected \$6,713,960 (36.64%) for testing. No exceptions were noted as a result of our procedures.
 - iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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 46.73% of direct labor costs from 7/1/2022 - 12/31/2022 and a rate of 64.08% of direct labor costs from 1/1/2023 to 6/30/2023 associated with each project when the contributor is considered a self-help county. As of July 1, 2020, SB 848 was enacted which limits the ICRP rates for self-help counties which was not extended and expired on 1/1/2023. Caltrans' indirect cost plan has been reviewed by the State of California Department of Finance and the Federal Highway Administration. The indirect cost plan is reviewed and updated by Caltrans on an annual basis. Caltrans allocated a total of \$1,469,111 of indirect costs in the RTIP resulting in 8.02% 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, 2024.

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: CAL278, SAN73, SAN73A, V-18 and 1200100 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 inactive projects on February 6, 2024.

- 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 from one project to another.

- 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, 2023 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.

- 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 long-term debts outstanding as of June 30, 2023.

- 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, 2023.

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, 2023. 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
_____, 2024

DRAFT

GLOSSARY OF TERMS

“Current Fiscal Year” means the fiscal period of July 1, 2022, through June 30, 2023.

“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.

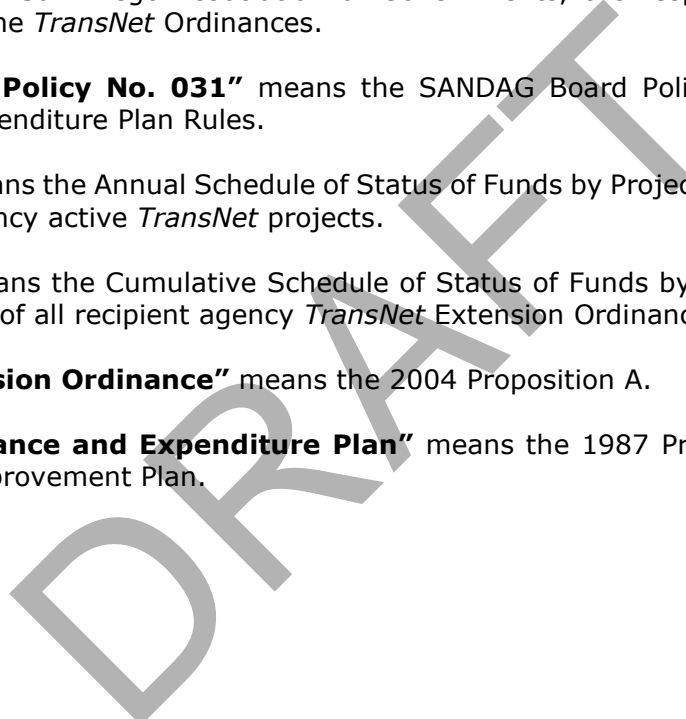
“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“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, 2023

MPO ID/ Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2023	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	\$ (3,262,371)	\$ 2,805,735	\$ -	\$ (2,205,843)	\$ -	\$ (2,662,479)	(b)
CAL09 C	I-805 HOV / Carroll Canyon DAR	-	887	-	(888)	1	-	(c)
CAL09 D	5/805 Conversion to Express	-	-	-	(105,903)	-	(105,903)	(b)(d)
CAL29	SR 76 Middle	-	-	-	-	-	-	(e)
CAL29 B	SR 76 East	1,156,185	(912,001)	-	(260,103)	-	(15,919)	(b)
CAL38	SR-905 New Freeway	-	1	-	(1)	-	-	
CAL67	SR-94 HOV	-	-	-	(673)	-	(673)	(b)(f)
CAL68	94/125 S to E Connector	(121,319)	103,476	-	16,943	-	(900)	(g)
CAL75	I-5 Genesee	50,341	27,318	-	(47,251)	(1)	30,407	(c)
CAL78 B	I-805 North	368	44,000	-	(52,281)	-	(7,913)	(b)
CAL78 C	I-805 South	(22,622)	45,000	-	(24,153)	-	(1,775)	(b)
CAL78 D	I-805 South Soundwalls	4,326	1,246,000	-	(1,710,706)	-	(460,380)	(b)
CAL114	I-5/56 Interchange	(220,738)	356,000	-	(300,150)	-	(164,888)	(b)
CAL277A	SR78/I-5 Express Lanes	(1,045)	1,046	-	(23,236)	(1)	(23,236)	(b)(c)
CAL 550	CMCP--Coast, Canyons, Trails SR-52	51,373	(51,373)	-	(52,443)	-	(52,443)	(b)
CAL 552	CMCP--South Bay to Sorrento	-	-	-	-	-	-	
CAL 553	CMCP--SPRINTER/Palomar Airport SR78/76	-	-	-	-	-	-	
SAN23	Mid-Coast LRT	(29,931)	49,000	-	(35,586)	-	(16,517)	(b)
SAN26 C	I-15 BRT Stations - South	86	(87)	-	-	1	-	(c)
SAN47	I-805 BRT	9,147	(8,600)	-	(547)	-	-	
SAN224	I-805/SR-94 Bus on Shoulder Demonstration	(24,137)	26,000	-	(3,921)	-	(2,058)	(b)
SAN253	CMCP--Central Mobility Hub Connections/Military	(38,099)	38,099	-	-	-	-	
V-11	SR-11	(175,338)	367,000	-	(197,347)	-	(5,685)	(b)
V-15	I-5 Gilman Dr Bridge	(532)	7,000	-	(14,390)	-	(7,922)	(b)
V-22	CMCP--San Vicente Corridor SR 67	-	-	-	-	-	-	
	Total Major Corridor	\$ (2,624,306)	\$ 4,144,501	\$ -	\$ (5,018,479)	\$ -	\$ (3,498,284)	

(Continued)

SCHEDULE A

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID/ Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2023	Notes
Major Corridor Environmental: Mitigation Program (MC EMP):								
V-07	Mitigation Program	\$ (15,846,871)	\$ 25,079,307	\$ -	\$ 7,213,584	\$ -	\$ 16,446,020	(h)
	Total MC EMP	(15,846,871)	25,079,307	-	7,213,584	-	16,446,020	
TransNet Bike, Pedestrian & Neighborhood Safety (BPNS) Program:								
CAL330	SR-15 Bike Path	1,227	(1,227)	-	-	-	-	
SAN156	Coastal Rail Trail: E St to Chesterfield	185,712	-	-	-	-	185,712	(i)
	Total <i>TransNet</i> BPNS Program	186,939	(1,227)	-	-	-	185,712	
	Total <i>TransNet</i> Extension	\$ (18,284,238)	\$ 29,222,581	\$ -	\$ 2,195,105	\$ -	\$ 13,133,448	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ (18,270,374)	\$ 29,222,581	\$ -	\$ 2,195,105	\$ -	\$ 13,147,312	(j)

Notes:

- (a) All projects related to CAL 26 in the TransNet Highway section are still in the final vouchering process and the goal is to complete it by FY 2025.
- (b) Negative ending balance will be removed with the next invoice to SANDAG in FY 2024.
- (c) Adjustments are due to rounding.
- (d) New project added to the 2023 AUP.
- (e) This project is completed.
- (f) CAL 67 was moved to the completed section on Schedule B in the 2021 AUP. This 2023 AUP removes it from the completed section as it has been restarted and moved back to Schedule A and B. It is no longer included in the completed projects section of the AUP.
 In FY 2022 Caltrans over expended the TN MC funds for the Design phase which was not corrected until FY 2023. FY 2023 actual expenditures are \$900 and the adjustment was removing \$17,843 of FY22 expenditures. Resulting in a positive balance of \$16,943 in expenditures.
- (g) Project is funded with Federal AC and TN MC funds. FY23 actual expenditures are 17M. Federal funds became available in the 2023 FY and TN MC expenditures (over \$24M) were moved to federal funds resulting in a netted positive balance of \$7M in expenditures.
- (h) moved to federal funds resulting in a netted positive balance of \$7M in expenditures.
- (i) MPO ID SAN 156 is not completed yet even though these funds have not had any activity for a while. This project can not final voucher until the entire project is completed. The goal is for the project to complete in FY 2025 and final vouchering completed in FY 2026.
- (j) Total project expenditures incurred for FY23, net of adjustments, are \$18,325,110.

SCHEDULE B

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:					
Major Corridor:					
CAL09	I-5 North Coast	\$ 102,353,860	\$ -	\$ (105,016,339)	\$ (2,662,479)
CAL09 C	I-805 HOV / Carroll Canyon DAR	27,274,289	-	(27,274,289)	-
CAL09 D	5/805 Conversion to Express	-	-	(105,903)	(105,903)
CAL29	SR 76 Middle	39,397,631	-	(39,397,631)	-
CAL29 B	SR 76 East	48,658,495	-	(48,674,414)	(15,919)
CAL38	SR-905 New Freeway	612,440	-	(612,440)	-
CAL67	SR-94 HOV	8,219,450	-	(8,220,123)	(673)
CAL68	94/125 S to E Connector	422,079	-	(422,979)	(900)
CAL75	I-5 Genesee	13,126,317	-	(13,095,910)	30,407
CAL78 B	I-805 North	12,277,604	-	(12,285,517)	(7,913)
CAL78 C	I-805 South	135,801,214	-	(135,802,989)	(1,775)
CAL78 D	I-805 South Soundwalls	5,914,374	-	(6,374,754)	(460,380)
CAL114	I-5/56 Interchange	1,496,000	-	(1,660,888)	(164,888)
CAL 277A	SR78/I-5 Express Lanes	2,628,523	-	(2,651,759)	(23,236)
CAL278	SR-78 HOV / Managed Lanes	1,662,367	-	(1,662,367)	-
CAL 550	CMCP--Coast, Canyons, Trails SR-52	(74,385)	-	21,942	(52,443)
SAN23	Mid-Coast LRT	444,000	-	(460,517)	(16,517)
SAN26 C	I-15 BRT Stations - South	11,994,074	-	(11,994,074)	-
SAN47	I-805 BRT	2,939,727	-	(2,939,727)	-
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	126,000	-	(128,058)	(2,058)
SAN253	CMCP--Central Mobility Hub Connections/Military	38,099	-	(38,099)	-
V-11	SR-11	1,925,550	-	(1,931,235)	(5,685)
V-15	I-5 Gilman Dr Bridge	122,999	-	(130,921)	(7,922)
V-18	I-5 Voigt	686,952	-	(686,952)	-
V-22	CMCP--San Vicente Corridor SR 67	-	-	-	-
1200100	Program Office	221,956	-	(221,956)	-
Total Major Corridor		\$ 429,210,303	\$ -	\$ (432,708,587)	\$ (3,498,284)

(Continued)

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:					
MC EMP					
V-07	Mitigation Program	\$ 191,792,692	\$ -	\$ (175,346,672)	\$ 16,446,020
	Total MC EMP	<u>191,792,692</u>	<u>-</u>	<u>(175,346,672)</u>	<u>16,446,020</u>
TransNet BPNS Program:					
CAL330	SR-15 Bike Path	2,905,773	-	(2,905,773)	-
SAN156	Coastal Rail Trail: E St to Chesterfield	<u>4,786,000</u>	<u>-</u>	<u>(4,600,288)</u>	<u>185,712</u>
	Total <i>TransNet</i> BPNS Program	<u>7,691,773</u>	<u>-</u>	<u>(7,506,061)</u>	<u>185,712</u>
	Subtotal Cumulative <i>TransNet</i> Extension	<u>628,694,768</u>	<u>-</u>	<u>(615,561,320)</u>	<u>13,133,448</u>
Completed Projects:					
	Major Corridor	223,191,584	-	(223,191,584)	-
	Mitigation Program (MC EMP)	14,279,000	-	(14,279,000)	-
	<i>TransNet</i> Local Program	<u>3,093,119</u>	<u>-</u>	<u>(3,093,119)</u>	<u>-</u>
	Total Completed Projects	<u>240,563,703</u>	<u>-</u>	<u>(240,563,703)</u>	<u>-</u>
	Total Cumulative <i>TransNet</i> Extension	<u>\$ 869,258,471</u>	<u>\$ -</u>	<u>\$ (856,125,023)</u>	<u>\$ 13,133,448</u>

CITY OF CARLSBAD, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 \$736,926. We selected \$234,406 (31.81%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2023. 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 116%, which was determined by a consultant. The City allocated a total of \$104,718 of indirect costs in the RTIP, resulting in 14.21% of indirect costs compared to total *TransNet* expenditures. In FY23, the City declared a local emergency which accelerated many of the City's roadway projects, notably *TransNet* projects. City Council directed focus to push all projects in design to construction. For these reasons, additional engineers from other groups worked on *TransNet* projects to accelerate projects to construction phase. Carlsbad declared a state of emergency in August 2022 and it only recently ended in FY24. Additionally, many of the City's projects entered the construction phase this year requiring more engineer oversight. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA but has been approved by management and City Council during FY21. 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, 2024.

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 3 projects (CB17, CB34 and CB35) that have been inactive over the past two years. The City indicated that, "Projects have been completed and closed out. The remaining cash on hand for the project will be requested to be transferred to another current congestion relief project via a city council resolution. The city expects to have this resolution approved by June 2024." 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 January 19, 2024.

- 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 FY23.

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 2023 apportionment	\$4,923,643
Less: debt service payment	_____ -
Net estimated apportionment	4,923,643
30% base	_____ 30%
Fiscal year 2023 30% threshold	<u>1,477,093</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	333,763
Maintenance fund balance	<u>319,634</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>653,397</u>
Fund balance under apportionment	<u>\$ 823,696</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$333,763	\$13,251,822	\$13,585,585
Maintenance	<u>319,634</u>	<u>14,633,385</u>	<u>14,953,019</u>
Totals	<u>\$653,397</u>	<u>\$27,885,207</u>	<u>\$28,538,604</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 2.29% of cumulative local street and road revenue for maintenance as indicated below:

	<u>Carlsbad</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$26,229,557	\$11,282,709	\$37,512,266
Maintenance	1,579,825	13,815,043	15,394,868
Interest	<u>115,526</u>	<u>2,787,455</u>	<u>2,902,981</u>
Total local street and road revenue	<u>\$27,924,908</u>	<u>\$27,885,207</u>	<u>\$55,810,115</u>
30% of total local street and road revenue			\$16,743,035
Less maintenance expenditures incurred to date			<u>(1,276,999)</u>
Available maintenance funds			<u>\$15,466,036</u>
Cumulative percentage expended for maintenance			<u>2.29%</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 is no long-term debt outstanding as of June 30, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$13,747,010
Less MOE base year requirement	<u>(6,746,377)</u>
Excess MOE for the year ended June 30, 2023	<u>\$ 7,000,633</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 \$388,094. We selected \$126,660 (32.64%) for testing. No exceptions were noted as a result of our procedures.
- vi. If unallowable expenditures were identified in procedure 13.c.v, 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 FY23.
- 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 October 27, 2023.

- 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, 2023.

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, 2023. 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

, 2024

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	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	185,169	45,000	-	(42,700)	-	187,469	
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	219,956	65,000	-	(72,243)	-	212,713	
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	306,651	30,000	-	(12,384)	-	324,267	
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	113,625	-	-	-	-	113,625	(a)
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	6,483	-	-	-	-	6,483	(a)
CB36	60311	Carlsbad Blvd Realignment	(674)	40,000	-	(113,328)	-	(74,002)	(b)
CB43	60491	ADA Improvements	(333,407)	65,000	-	(93,939)	-	(362,346)	(b)
CB46	60543	Terramar Area Coastal Improvements	(579)	-	-	-	-	(579)	(b)
CB49	60751	Kelly and Park Dr. Street Improvements	(49,990)	55,000	-	(53,264)	-	(48,254)	(b)
CB51	63261	Adaptive Traffic Signal Program	1	-	-	-	(1)	-	(c)
CB52	40152	Village/Barrio Traffic Circles	103,944	55,000	-	(99,530)	-	59,414	
CB53	60681	Carlsbad Blvd. Pedestrian Roadway Lighting	45,607	-	-	(12,353)	-	33,254	
CB59	60941	ECR Wid-SunnyCrk to Jackspar	(149,737)	60,000	-	(96,281)	-	(186,018)	(b)
CB62	40134	Barrio Street Lighting	-	-	-	(1,935)	-	(1,935)	(b)
CB63	60193	Valley St. and Magnolia Ave Complete Streets	-	-	-	(1,990)	-	(1,990)	(b)
		Interest Income	6,613	-	6,929	-	-	13,542	
		Total Congestion Relief	511,782	415,000	6,929	(599,947)	(1)	333,763	
Maintenance:									
CB58	60622	Street Light Bulb Replacement Program	315,935	-	-	(2,104)	-	313,831	
		Interest Income	2,834	-	2,969	-	-	5,803	
		Total Maintenance	318,769	-	2,969	(2,104)	-	319,634	
		Total Local Street Improvements	830,551	426,700	9,898	(613,751)	(1)	653,397	

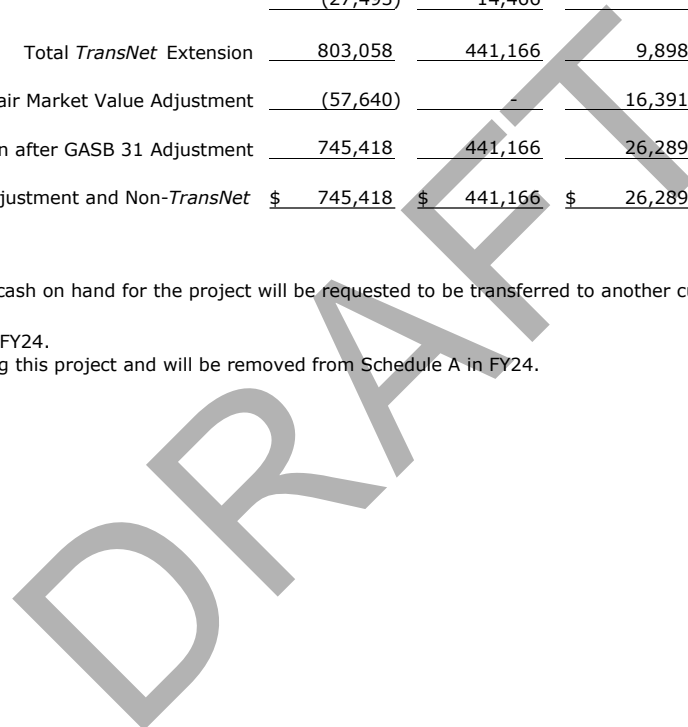
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CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
		Bikes and Pedestrian (BPNS):							
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	\$ (27,493)	\$ 14,466	\$ -	\$ (123,175)	\$ -	\$ (136,202)	(b)
		Total Bikes and Pedestrian (BPNS):	(27,493)	14,466	-	(123,175)	-	(136,202)	
		Total <i>TransNet</i> Extension	803,058	441,166	9,898	(736,926)	(1)	517,195	
		GASB 31 Fair Market Value Adjustment	(57,640)	-	16,391	-	-	(41,249)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	745,418	441,166	26,289	(736,926)	(1)	475,946	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>	\$ 745,418	\$ 441,166	\$ 26,289	\$ (736,926)	\$ (1)	\$ 475,946	

Notes:

- (a) Project has been completed and closed out. The remaining cash on hand for the project will be requested to be transferred to another current congestion relief project via a city council resolution. The city expects to have this resolution approved by June 2024.
- (b) The city will be drawing funds to clear negative balances in FY24.
- (c) Adjustment is due to rounding. SANDAG is no longer funding this project and will be removed from Schedule A in FY24.



SCHEDULE B

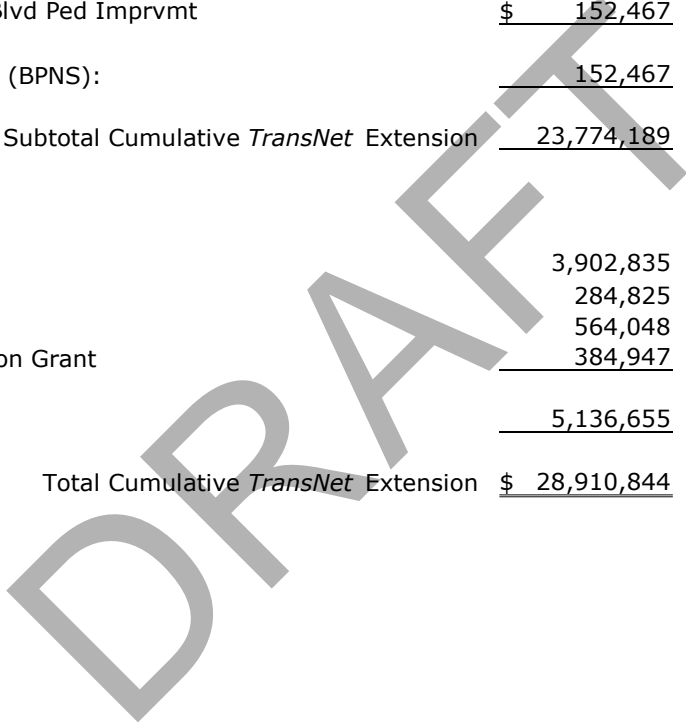
CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CB44	N/A	Regional Arterial Management Systems	\$ 128,700	\$ -	\$ (128,700)	\$ -
		Total Congestion Relief-Pass Through	<u>128,700</u>	<u>-</u>	<u>(128,700)</u>	<u>-</u>
Congestion Relief:						
CB12	36364	College Rch A, Cannon Reach 4A	716,900	-	(529,431)	187,469
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	10,486,709	18,059	(10,292,055)	212,713
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	472,000	1,790	(149,523)	324,267
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	3,040,135	14,529	(3,128,666)	(74,002)
CB43	60491	ADA Improvements	1,695,000	1,308	(2,058,654)	(362,346)
CB46	60543	Terramar Area Coastal Improvements	-	-	(579)	(579)
CB49	60751	Kelly and Park Dr. Street Improvements	751,000	991	(800,245)	(48,254)
CB51	63261	Adaptive Traffic Signal Program	2,642,000	42	(2,642,042)	-
CB52	40152	Village/Barrio Traffic Circles	677,000	50	(617,636)	59,414
CB53	60681	Carlsbad Blvd. Pedestrian Roadway Lighting	65,000	1,628	(33,374)	33,254
CB59	60941	ECR Wid-SunnyCrk to Jackspar	338,000	-	(524,018)	(186,018)
CB62	40134	Barrio Street Lighting	-	-	(1,935)	(1,935)
CB63	60193	Valley St. and Magnolia Ave Complete Streets	-	-	(1,990)	(1,990)
		Interest Income	<u>-</u>	<u>13,542</u>	<u>-</u>	<u>13,542</u>
		Total Congestion Relief	<u>22,198,022</u>	<u>61,534</u>	<u>(21,925,793)</u>	<u>333,763</u>
Maintenance:						
CB58	60622	Street Light Bulb Replacement Program	1,295,000	10,988	(992,157)	313,831
		Interest Income	<u>-</u>	<u>5,803</u>	<u>-</u>	<u>5,803</u>
		Total Maintenance	<u>1,295,000</u>	<u>16,791</u>	<u>(992,157)</u>	<u>319,634</u>
		Total Local Street Improvements	<u>23,621,722</u>	<u>78,325</u>	<u>(23,046,650)</u>	<u>653,397</u>

(Continued)

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Bikes and Pedestrian (BPNS):				
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	\$ 152,467	\$ 114	\$ (288,783)	\$ (136,202)
		Total Bikes and Pedestrian (BPNS):	<u>152,467</u>	<u>114</u>	<u>(288,783)</u>	<u>(136,202)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>23,774,189</u>	<u>78,439</u>	<u>(23,335,433)</u>	<u>517,195</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>\$ 28,910,844</u>	<u>\$ 115,526</u>	<u>\$ (28,509,175)</u>	<u>\$ 517,195</u>



SCHEDULE C

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2023	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
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	CB31	751,460	-	(1,054,801)	303,341	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	CB31	715,030	-	(455,739)	-	-	259,291	344,044
For Fiscal Year ended June 30, 2020	June 30, 2027	CB31	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	57,981
For Fiscal Year ended June 30, 2023	June 30, 2030		755,387	-	-	-	-	755,387	-
Interest Income			-	132,464	-	6,733	-	139,197	92,794
Total RTCIP Funds			\$ 5,624,290	\$ 132,464	\$ (3,708,528)	\$ 310,074	\$ -	\$ 2,358,300	\$ 1,641,263

Note:
 (a) Adjustment is due to \$303,341 of expenditures being recorded in error from FY20 - FY22.
 (b) The city incorrectly reported expenditures related to project CB46 from fiscal years 2020, 2021 and 2022 and attributed these in the RTCIP fund as expenditures using project year ended June 30, 2018 funds. This project is funded with TransNet Local and other city local funding and is not an RTCIP project. The city is adjusting out these expenditures and adding back associated interest income that should have been earned as an adjustment.

CITY OF CHULA VISTA, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 \$3,051,452. We selected \$1,054,829 (34.57%) 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 \$1,629,036, which represented 53.39% 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2023. 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. Department Overhead Rates range from 6.10% to 42.00%, with an average rate of 18.91%. Total staff time costs (which includes both direct and indirect costs) included within projects on the RTIP were \$1,629,036. Total estimated indirect costs were \$259,062, or 8.49% of total *TransNet* expenditures. In order to verify that the City was allocating their indirect cost appropriately, we tested five 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 during FY 2021. The plan is approved by Management or another individual within the City. 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, 2024.

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: CIP number STM0393 of MPO ID CHV48, CIP number STL0445 of MPO ID CHV06, and CIP number STM0380 of MPO ID CHV33. The City indicated that each of these phases of their respective projects had been completed or is in the process of being closed out, and that any excess funding will be transferred to projects within the same MPO ID in Fiscal Year 2024.

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

Results: SANDAG approved the reason for the inactivity on December 6, 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 which required a staff report or resolution.

- 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 2023 apportionment	\$9,403,536
Less: debt service payment	<u> -</u>
Net estimated apportionment	9,403,536
30% base	<u> 30%</u>
Fiscal year 2023 30% threshold	<u>2,821,061</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(391,693)
Maintenance fund balance	<u>(88,536)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(480,229)</u>
Fund balance under apportionment	<u>\$3,301,290</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	<u>Funds Held by City</u>	<u>Funds Held by SANDAG</u>	<u>Total</u>
Congestion Relief	\$(391,693)	\$14,922,458	\$14,530,765
Maintenance	<u>(88,536)</u>	<u>8,524,022</u>	<u>8,435,486</u>
Totals	<u>\$(480,229)</u>	<u>\$23,446,480</u>	<u>\$22,966,251</u>

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

Results: The City has expended 21.67% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$51,791,177	\$13,512,662	\$65,303,839
Maintenance	20,693,567	7,934,687	28,628,254
Interest	<u>80,858</u>	<u>1,999,131</u>	<u>2,079,989</u>
Total local street and road revenue	<u>\$72,565,602</u>	<u>\$23,446,480</u>	<u>\$96,012,082</u>
30% of total local street and road revenue			\$28,803,625
Less maintenance expenditures incurred to date			<u>(20,805,724)</u>
Available maintenance funds			<u>\$7,997,901</u>
Cumulative percentage expended for maintenance			<u>21.67%</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 is no long-term debt outstanding as of June 30, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$4,585,958
Less MOE base year requirement	<u>(4,387,018)</u>
Excess MOE for the year ended June 30, 2023	<u>\$ 198,940</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 \$45,506. We selected \$6,562 (14.42%) for testing. No exceptions noted as a result of our procedures.
- vi. If unallowable expenditures were identified in procedure 13.c.v, 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 payroll expenditures during FY 23.

- 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 15, 2023.

- 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, 2023.

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, 2023. 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

, 2024

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	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	11,036	86,500	-	(99,593)	-	(2,057)	(a)
CHV39	TRF0400	Signal Retiming of Yellow	(62,373)	158,000	-	(100,307)	-	(4,680)	(a)
CHV39	TRF0423	Traffic Signal Comm Improv W of 805	4,923	-	-	(4,323)	-	600	
CHV39	TRF0426	Adapt Signal Expansion Otay Lakes Rd	1,365	11,000	-	(12,981)	-	(616)	(a)
		Total CHV39 Projects	(45,049)	255,500	-	(217,204)	-	(6,753)	
CHV44	TRF0356	Otay Mesa Transportation System	1,507	-	-	(1,367)	-	140	
CHV48	STM0393	Major Pavement Rehabilitation FY2017/18	257,726	-	-	-	-	257,726	(b)
CHV48	STM0397	Major Pavement Rehabilitation FY2018/19	14,203	-	-	(2,208)	(11,995)	-	
CHV48	STM0400	RMRA Major Pavement Rehab FY19/20	-	174,000	-	(445,247)	-	(271,247)	(a)
CHV48	STM0401	RMRA Major Pavement Rehab FY20/21	-	31,000	-	(528,950)	-	(497,950)	(a)
CHV48	STM0408	Pavement Major Rehabilitation Program	4,351	123,000	-	(167,728)	11,995	(28,382)	(a)
CHV48	STM0411	Pavement Major Rehabilitation Program	-	28,000	-	(22,090)	-	5,910	
		Total CHV44 Projects	276,280	356,000	-	(1,166,223)	-	(533,943)	
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	(22,694)	85,000	-	(59,775)	-	2,531	
CHV58	STM0405	ADA Path Install at Otay Lakes Rd	246	6,000	-	(2,677)	-	3,569	
CHV58	TRF0414	3rd Ave @ Seavale Pedestrian Improv	1	6,000	-	(3,114)	-	2,887	
		Total CHV58 Projects	(22,447)	97,000	-	(65,566)	-	8,987	
		Subtotal Congestion Relief	210,291	708,500	-	(1,450,360)	-	(531,569)	

(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, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
		Balance carried forward - Congestion Relief	\$ 210,291	\$ 708,500	\$ -	\$ (1,450,360)	\$ -	\$ (531,569)	
CHV60	STL0437	EB Right Turn Lane Install/ East H St Study	64	4,975	-	(2,034)	-	3,005	
CHV60	TRF0398	Traffic Sig Install at Main St and Jacqua St	3,788	-	-	(1,811)	1,954	3,931	
CHV60	TRF0407	Traffic Sig Mod at Five Intersections	1,954	-	-	-	(1,954)	-	(c)
CHV60	TRF0412	Traffic Signal Upgrades at Two Locations Lead	74	17,225	-	(17,299)	-	-	(c)
CHV60	TRF0418	Ped Interval Traf Signal Ops	(30,855)	58,000	-	(25,354)	-	1,791	
CHV60	TRF0424	Ped Hybr Beacon Upgrade	(63,626)	65,000	-	(231)	-	1,143	
		Total CHV60 Projects	(88,601)	145,200	-	(46,729)	-	9,870	
CHV70	STM0384	Bike Lanes onBrdwy FsblyStudy	103	-	-	-	-	103	
CHV70	STM0392	Bike Lanes on Broadway	(5,678)	10,000	-	(660)	-	3,662	
		Total CHV70 Projects	(5,575)	10,000	-	(660)	-	3,765	
CHV77	TRF0395	SANDAG MainSt Fiber OpticAddtl	1,996	-	-	(2,440)	-	(444)	(a)
CHV79	TRF0415	Telegraph Cnyn Rd Raised Median Impvmnts	9,725	8,000	-	(15,926)	-	1,799	
CHV79	TRF0446	Left Turn Imp Bonita Rd@ Bonita Glen	10,383	5,000	-	(21,397)	-	(6,014)	(a)
		Total CHV79 Projects	20,108	13,000	-	(37,323)	-	(4,215)	
CHV80	STL0406	3rd Ave Streetscp Imprv Phs 3	79,105	-	-	(10,769)	-	68,336	
CHV82	STL0420	Palomar St/Orange Ave Sidewalk	4,730	-	-	(185)	-	4,545	
CHV84	TRF0404	Retiming Signals/ Install Fiber Optic Comm Sys	3,467	-	-	-	-	3,467	
CHV88	STL0464	F Street Promenade Phase 1	-	2,500	-	(2,088)	-	412	
CHV89	TRF0432	Olympic Parkway Safety Enhancements	-	6,000	-	(4,132)	-	1,868	
		Interest Income	50,759	-	1,513	-	-	52,272	
		Total Congestion Relief	276,280	885,200	1,513	(1,554,686)	-	(391,693)	

(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, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
Maintenance:									
CHV06	CTY0219	Pavement Management System	(42,892)	141,000	-	(111,252)	-	(13,144)	(a)
CHV06	STL0445	Pavement Minor Rehab	79	-	-	-	-	79	(b)
CHV06	STL0455	Pavement Maintenance Program FY2021/22	67	114,500	-	(129,324)	-	(14,757)	(a)
Total CHV06 Projects			(42,746)	255,500	-	(240,576)	-	(27,822)	
CHV22	CTY0202	CIP Advanced Planning	(50,350)	39,972	-	(71,962)	-	(82,340)	(a)
CHV22	CTY0208	CIP Management & Equipment Purchase	1,465	-	-	(452)	-	1,013	
CHV22	CTY0232	ADA Pedestrian Connectivity Program	1,695	5,000	-	(5,805)	-	890	
CHV22	STL0404	Bikeway Master Plan 2016 Update	(54,128)	54,128	-	-	-	-	(c)
CHV22	STM0406	Bay Boulevard at L Street Sidewalk Improvements Study	539	6,500	-	(6,670)	-	369	
Total CHV22 Projects			(100,779)	105,600	-	(84,889)	-	(80,068)	
CHV33	STL0410	Kellog Elem Schl Ped Improvmt	375	325	-	-	-	700	
CHV33	STM0380	Sidewalk Replacement E H Street Study	275	-	-	-	-	275	(b)
CHV33	TRF0345	School Zone Traffic Calming	543	119,253	-	(176,626)	-	(56,830)	(a)
CHV33	TRF0384	Lauderbach Elem. Pedestrian Imprv	(74,464)	75,800	-	(185)	-	1,151	
CHV33	TRF0417	Enhanced Crosswalks School Zones	5,451	5,000	-	(16,291)	-	(5,840)	(a)
Total CHV33 Projects			(67,820)	200,378	-	(193,102)	-	(60,544)	
CHV34	SW0292	Indtrl Blvd & Main St Swr Imprv	54	3,000	-	(782)	-	2,272	
CHV34	TRF0327	Neighborhood Safety Program	176	172,000	-	(187,395)	-	(15,219)	(a)
CHV34	TRF0411	Ped Imprvmnts- Castle Park Middle School	920	6,000	-	(6,390)	-	530	
CHV34	TRF0413	Ladder Crosswalks at Controlled Intersections Program	30	7,000	-	(4,859)	-	2,171	
CHV34	TRF0416	Intersection Safety Improvements	178	80,000	-	(74,394)	-	5,784	
CHV34	TRF0422	Radar Speed Feedback Signs	484	1,500	-	(1,074)	-	910	
CHV34	TRF0429	Pedestr and Guardrail Imprv Various	(13,614)	34,800	-	(21,045)	-	141	
Total CHV34 Projects			(11,772)	304,300	-	(295,939)	-	(3,411)	
Subtotal Maintenance			(223,117)	865,778	-	(814,506)	-	(171,845)	

(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, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
		Balance carried forward - Maintenance	\$ (223,117)	\$ 865,778	\$ -	\$ (814,506)	\$ -	\$ (171,845)	
CHV35	STM0369	Bikeway Facilities Gap Project	-	55,200	-	(58,151)	3,000	49	
CHV35	TRF0332	Signing and Stripping Program	(3,848)	27,500	-	(23,543)	-	109	
CHV35	TRF0366	Traffic Signal & St. Lighting Upgrade / Maint.	88	202,000	-	(201,867)	-	221	
CHV35	TRF0402	Traffic Signal Mod Broadway/F and Broadway/G	3,130	-	-	(130)	(3,000)	-	(c)
CHV35	TRF0421	Engineering & Traffic Survey Updates Program	59	1,900	-	(1,462)	-	497	
		Total CHV35 Projects	(571)	286,600	-	(285,153)	-	876	
CHV45	STM0369	Bikeway Facilities Gap Project	(19,956)	19,956	-	-	-	-	(d)
CHV45	TRF0321	Citywide Traffic Count Program	13,445	500	-	(16,011)	-	(2,066)	(a)
CHV45	TRF0354	Traffic Congestion Relief Program	428	64,544	-	(70,456)	-	(5,484)	(a)
		Total CHV45 Projects	(6,083)	85,000	-	(86,467)	-	(7,550)	
CHV50	DR0205	CMP Rehabilitation In Right of Way FY17/18	14,186	1,000	-	-	-	15,186	
CHV50	DR0217	CMP Repair ROW FY20/21	58	22,000	-	(26,957)	-	(4,899)	(a)
CHV50	STM0385	Bridge Maintenance	843	20,000	-	(8,117)	-	12,726	
		Total CHV50 Projects	15,087	43,000	-	(35,074)	-	23,013	
CHV75	STL0432	ADA Pedestrian Curb Ramps Program FY18/19	(253,569)	278,953	-	(24,929)	-	455	
CHV75	STL0447	ADA Pedestrian Curb Ramps Prog	(136,079)	199,884	-	(63,352)	-	453	
CHV75	STL0448	Sidewalk Replacement Program FY20/21	-	85,163	-	(84,595)	-	568	
CHV75	STL0454	ADA Pedestrian Curb Ramps Program FY2021/22	(7,834)	17,900	-	(8,032)	-	2,034	
CHV75	STL0461	ADA Pedestrian Curb Ramps FY22/23	-	10,100	-	(9,835)	-	265	
		Total CHV75 Projects	(397,482)	592,000	-	(190,743)	-	3,775	
CHV83	STL0404	Bikeway Master Plan 2016 Update	(10,169)	69,128	-	(36,193)	-	22,766	
CHV83	STM0394	Local Street Utility Undergrounding District	(27,346)	34,000	-	(5,662)	-	992	
CHV83	STM0407	F Street Undergrounding Phase 2 - Street Light Design	8,549	7,000	-	-	-	15,549	
		Total CHV83 Projects	(28,966)	110,128	-	(41,855)	-	39,307	
		Subtotal Maintenance	(641,132)	1,982,506	-	(1,453,798)	-	(112,424)	

(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, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
		Balance carried forward - Maintenance	\$ (641,132)	\$ 1,982,506	\$ -	\$ (1,453,798)	\$ -	\$ (112,424)	
CHV90	TRF0427	North Second Avenue Shoulder Improv	(1,046)	30,000	-	(27,468)	-	1,486	
		Interest Income	21,754	-	648	-	-	22,402	
		Total Maintenance	(620,424)	2,012,506	648	(1,481,266)	-	(88,536)	
		Total Local Street Improvements	(344,144)	2,913,206	2,161	(3,051,452)	-	(480,229)	
		Total <i>TransNet</i> Extension	(344,144)	2,913,206	2,161	(3,051,452)	-	(480,229)	
		GASB 31 Market Value Adjustment	(3,061)	-	-	-	-	(3,061)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (347,205)	\$ 2,913,206	\$ 2,161	\$ (3,051,452)	\$ -	\$ (483,290)	

Notes:

- (a) Deficit to be covered by drawdown in FY 24.
- (b) Closeout activities in progress; Project to be closed in FY 24
- (c) Project closed/completed.
- (d) Project STM0369 is no longer programmed under CHV45 but is reprogrammed under MPO ID CHV35.

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CHV39	N/A	Regional Arterial Management Systems	\$ 170,500	\$ -	\$ (170,500)	\$ -
		Total Congestion Relief-Pass Through	<u>170,500</u>	<u>-</u>	<u>(170,500)</u>	<u>-</u>
Congestion Relief:						
CHV39	TRF0350	Traffic Signal System Optimization	1,996,913	833	(1,999,803)	(2,057)
CHV39	TRF0400	Signal Retiming of Yellow	182,976	-	(187,656)	(4,680)
CHV39	TRF0423	Traffic Signal Comm Improv W of 805	5,295	-	(4,695)	600
CHV39	TRF0426	Adapt Signal Expansion Otay Lakes Rd	13,699	-	(14,315)	(616)
		Total CHV39 Projects	<u>2,198,883</u>	<u>833</u>	<u>(2,206,469)</u>	<u>(6,753)</u>
CHV44	TRF0356	Otay Mesa Transportation System	<u>31,455</u>	<u>-</u>	<u>(31,315)</u>	<u>140</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	-	(2,863,419)	11,995
CHV48	STM0400	RMRA Major Pavement Rehab FY19/20	174,000	-	(445,247)	(271,247)
CHV48	STM0401	RMRA Major Pavement Rehab FY20/21	31,000	-	(528,950)	(497,950)
CHV48	STM0408	Pavement Major Rehabilitation Program	374,000	-	(414,377)	(40,377)
CHV48	STM0411	Pavement Major Rehabilitation Program	28,000	-	(22,090)	5,910
		Total CHV 48 Projects	<u>6,619,496</u>	<u>-</u>	<u>(7,153,439)</u>	<u>(533,943)</u>
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	655,119	-	(652,588)	2,531
CHV58	STM0405	ADA Path Install at Otay Lakes Rd	7,556	-	(3,987)	3,569
CHV58	TRF0414	3rd Ave @ Seavale Pedestrian Improv	11,864	-	(8,977)	2,887
		Total CHV58 Projects	<u>674,539</u>	<u>-</u>	<u>(665,552)</u>	<u>8,987</u>
		Subtotal Congestion Relief	<u>9,524,373</u>	<u>833</u>	<u>(10,056,775)</u>	<u>(531,569)</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, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Congestion Relief balance carried forward	\$ 9,524,373	\$ 833	\$ (10,056,775)	\$ (531,569)
CHV60	STL0437	EB Right Turn Lane Install/ East H St Study	6,963	-	(3,958)	3,005
CHV60	TRF0398	Traffic Sig Install at Main St and Jacqua St	11,861	-	(7,930)	3,931
CHV60	TRF0407	Traffic Sig Mod at Five Intersections	181,954	-	(181,954)	-
CHV60	TRF0412	Traffic Signal Upgrades at Two Locations	209,605	-	(209,605)	-
CHV60	TRF0418	Lead Ped Interval Traf Signal Ops	101,100	-	(99,309)	1,791
CHV60	TRF0424	Ped Hybr Beacon Upgrade	193,945	-	(192,802)	1,143
		Total CHV60 Projects	<u>705,428</u>	-	<u>(695,558)</u>	<u>9,870</u>
CHV70	STM0384	Bike Lanes onBrdwy FsbiltyStudy	1,995,495	-	(1,995,392)	103
CHV70	STM0392	Bike Lanes on Broadway	970,423	-	(966,761)	3,662
		Total CHV70 Projects	<u>2,965,918</u>	-	<u>(2,962,153)</u>	<u>3,765</u>
CHV77	TRF0395	SANDAG Main St Fiber OpticAddtl	41,530	-	(41,974)	(444)
CHV79	TRF0415	Telegraph Cyn Rd Raised Median Impvmnts	77,292	-	(75,493)	1,799
CHV79	TRF0446	Left Turn Imp Bonita Rd@ bonita Glen	48,830	-	(54,844)	(6,014)
		Total CHV79 Projects	<u>126,122</u>	-	<u>(130,337)</u>	<u>(4,215)</u>
CHV80	STL0406	3rd Ave Streetscp Imprv Phs 3	2,644,038	-	(2,575,702)	68,336
CHV82	STL0420	Palomar St/Orange Ave Sidewalk	603,381	-	(598,836)	4,545
CHV84	TRF0404	Retiming Signals/ Install Fiber Optic Comm Sys	926,850	-	(923,383)	3,467
CHV88	STL0464	F Street Promenade Phase 1	2,500	-	(2,088)	412
CHV89	TRF0432	Olympic Parkway Safety Enhancements	6,000	-	(4,132)	1,868
		Interest Income	-	52,272	-	52,272
		Total Congestion Relief	<u>17,546,140</u>	<u>53,105</u>	<u>(17,990,938)</u>	<u>(391,693)</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, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
Maintenance:						
CHV06	CTY0219	Pavement Management System	1,412,688	-	(1,425,832)	(13,144)
CHV06	STL0445	Pavement Minor Rehab	32,432	-	(32,353)	79
CHV06	STL0455	Pavement Maintenance Program FY2021/22	123,800	-	(138,557)	(14,757)
		Total CHV06 Projects	1,568,920	-	(1,596,742)	(27,822)
CHV22	CTY0202	CIP Advanced Planning	829,448	-	(911,788)	(82,340)
CHV22	CTY0208	CIP Management & Equipment Purchase	45,873	-	(44,860)	1,013
CHV22	CTY0232	ADA Pedestrian Connectivity Program	22,950	-	(22,060)	890
CHV22	STL0404	Bikeway Master Plan 2016 Update	54,128	-	(54,128)	-
CHV22	STM0406	Bay Boulevard at L Street Sidewalk Improvements Study	44,700	-	(44,331)	369
		Total CHV 22 Projects	997,099	-	(1,077,167)	(80,068)
CHV33	STL0410	Kellog Elem Schl Ped Improvmt	225,693	-	(224,993)	700
CHV33	STM0380	Sidewalk Replacement E H Street Study	148,612	-	(148,337)	275
CHV33	TRF0345	School Zone Traffic Calming	659,360	-	(716,190)	(56,830)
CHV33	TRF0384	Lauderbach Elem. Pedestrian Imprv	363,796	-	(362,645)	1,151
CHV33	TRF0417	Enhanced Crosswalks School Zones	32,000	-	(37,840)	(5,840)
		Total CHV 33 Projects	1,429,461	-	(1,490,005)	(60,544)
CHV34	SWR0292	Indtrl Blvd & Main St Swr Imprv	142,401	-	(140,129)	2,272
CHV34	TRF0327	Neighborhood Safety Program	2,027,008	-	(2,042,227)	(15,219)
CHV34	TRF0411	Ped Imprvmnts- Castle Park Middle School	18,069	-	(17,539)	530
CHV34	TRF0413	Ladder Crosswalks at Controlled Intersections Program	21,806	-	(19,635)	2,171
CHV34	TRF0416	Intersection Safety Improvements	205,500	-	(199,716)	5,784
CHV34	TRF0422	Radar Speed Feedback Signs	2,900	-	(1,990)	910
CHV34	TRF0429	Pedestr and Guardrail Imprv Various	43,800	-	(43,659)	141
		Total CHV 34 Projects	2,461,484	-	(2,464,895)	(3,411)
		Subtotal Maintenance	6,456,964	-	(6,628,809)	(171,845)

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Maintenance balance carried forward	\$ 6,456,964	\$ -	\$ (6,628,809)	\$ (171,845)
CHV35	STM0369	Bikeway Facilities Gap Project	58,200	-	(58,151)	49
CHV35	TRF0332	Signing and Stripping Program	535,663	-	(535,554)	109
CHV35	TRF0366	Traffic Signal & St. Lighting Upgrade / Maint.	2,149,248	-	(2,149,027)	221
CHV35	TRF0402	Traffic Signal Mod Broadway/F and Broadway/G	130,000	-	(130,000)	-
CHV35	TRF0421	Engineering & Traffic Survey Updates Program	2,741	-	(2,244)	497
		Total CHV 35 Projects	2,875,852	-	(2,874,976)	876
CHV45	STM0369	Bikeway Facilities Gap Project	448,959	-	(448,959)	-
CHV45	TRF0321	Citywide Traffic Count Program	521,691	-	(523,757)	(2,066)
CHV45	TRF0354	Traffic Congestion Relief Program	70,544	-	(76,028)	(5,484)
		Total CHV 45 Projects	1,041,194	-	(1,048,744)	(7,550)
CHV50	DR0205	CMP Rehabilitation In Right of Way FY17/18	2,115,350	-	(2,100,164)	15,186
CHV50	DR0217	CMP Repair ROW FY20/21	101,550	-	(106,449)	(4,899)
CHV50	STM0385	Bridge Maintenance	138,485	-	(125,759)	12,726
		Total CHV 50 Projects	2,355,385	-	(2,332,372)	23,013
CHV75	STL0432	ADA Pedestrian Curb Ramps Program FY18/19	375,503	-	(375,048)	455
CHV75	STL0447	ADA Pedestrian Curb Ramps Program	250,024	-	(249,571)	453
CHV75	STL0448	Sidewalk Replacement Program FY20/21	85,163	-	(84,595)	568
CHV75	STL0454	ADA Pedestrian Curb Ramps Program FY2021/22	28,060	-	(26,026)	2,034
CHV75	STL0461	ADA Pedestrian Curb Ramps FY22/23	10,100	-	(9,835)	265
		Total CHV 75 Projects	748,850	-	(745,075)	3,775
CHV83	STL0404	Bikeway Master Plan 2016 Update	69,128	-	(63,539)	5,589
CHV83	STM0394	Local Street Utility Undergrounding District	90,340	-	(72,171)	18,169
CHV83	STM0407	F Street Undergrounding Phase 2 - Street Light Design	24,801	-	(9,252)	15,549
		Total CHV 83 Projects	184,269	-	(144,962)	39,307
		Subtotal Maintenance	13,662,514	-	(13,774,938)	(112,424)

(Continued)

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

<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, 2023</u>
		Maintenance balance carried forward	\$ 13,662,514	\$ -	\$ (13,774,938)	\$ (112,424)
CHV90	TRF0427	North Second Avenue Shoulder Improv	30,000	-	(28,514)	1,486
		Interest Income	-	22,402	-	22,402
		Total Maintenance	13,692,514	22,402	(13,803,452)	(88,536)
		Total Local Street Improvements	31,409,154	75,507	(31,964,890)	(480,229)
		Subtotal Cumulative <i>TransNet</i> Extension	31,409,154	75,507	(31,964,890)	(480,229)
		Completed Projects:				
		LSI - Congestion Relief	34,074,537	4,132	(34,078,669)	-
		LSI - Maintenance	7,001,053	1,219	(7,002,272)	-
		Major Corridor Environmental Mitigation	1,072,678	-	(1,072,678)	-
		Smart Growth	6,252,698	-	(6,252,698)	-
		Bike and Pedestrian	828,582	-	(828,582)	-
		Total Completed Projects	49,229,548	5,351	(49,234,899)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 80,638,702	\$ 80,858	\$ (81,199,789)	\$ (480,229)

SCHEDULE C

CITY OF CHULA VISTA CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

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, 2023	June 30, 2022	
For Fiscal Year ended June 30, 2016	June 30, 2023	CHV45	\$ 90,345	\$ -	\$ (90,345)	\$ -	\$ -	\$ -	\$ 14,431	
For Fiscal Year ended June 30, 2017	June 30, 2024	CHV45	5,708	-	(5,708)	-	-	-	5,708	
For Fiscal Year ended June 30, 2018	June 30, 2025	CHV45	389,773	-	(25,367)	-	-	364,406	389,773	
For Fiscal Year ended June 30, 2019	June 30, 2026	CHV45	120,066	-	-	-	-	120,066	115,679	
For Fiscal Year ended June 30, 2020	June 30, 2027	CHV45	68,068	-	-	-	-	68,068	68,068	
For Fiscal Year ended June 30, 2021	June 30, 2028	CHV45	564,393	-	-	-	-	564,393	556,241	
For Fiscal Year ended June 30, 2022	June 30, 2029	CHV45	1,033,556	-	-	-	-	1,033,556	1,033,556	
For Fiscal Year ended June 30, 2023	June 30, 2030	CHV45	1,213,000	-	-	-	-	1,213,000	-	
Interest Income			-	150,391	-	-	-	150,391	84,055	
Subtotal RTCIP Funds			3,484,909	150,391	(121,420)	-	-	3,513,880	2,267,511	
GASB 31 Market Value Adjustment			-	(63,615)	-	-	-	(63,615)	(65,186)	
Total RTCIP Funds			\$ 3,484,909	\$ 86,776	\$ (121,420)	\$ -	\$ -	\$ 3,450,265	\$ 2,202,325	

DRAFT

CITY OF CORONADO, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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: This procedure is not applicable as there were no footnotes required in Schedule A in FY 23.

- 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 in FY 23.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of 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* expenditure in the amount of \$131,400. We selected \$90,958 (69.22%) 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 FY 23.
- 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated during FY 23.

- 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 presented on Schedule A in FY 23.

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

Results: This procedure is not applicable as there were no projects completed in the current or previous fiscal year.

- 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 projects completed in the current or previous fiscal year.

- 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 presented on Schedule A in FY 23.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2024.

Results: This procedure is not applicable as there were no projects with a negative ending balance presented on Schedule A in FY 23.

- 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 FY23.

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 presented on Schedule A in FY 23.

- 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 projects completed on Schedule A in FY 22.

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 2023 apportionment	\$808,934
Less: debt service payment	_____
Net estimated apportionment	808,934
30% base	_____ 30%
Fiscal year 2023 30% threshold	<u>242,680</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	107,341
Maintenance fund balance	_____
Total Local Streets and Roads and Local Street Improvement fund balance	<u>107,341</u>
Fund balance under apportionment	<u>\$135,339</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are noted on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$107,341	\$253,503	\$360,844
Maintenance	-	<u>2,616,982</u>	<u>2,616,982</u>
Totals	<u>\$107,341</u>	<u>\$2,870,485</u>	<u>\$2,977,826</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 3.89% of cumulative local street and road revenue for maintenance as indicated as follows:

	City	SANDAG	Total
Congestion relief	\$6,575,318	\$49,332	\$6,624,650
Maintenance	382,949	2,538,972	2,921,921
Interest	<u>21,958</u>	<u>282,181</u>	<u>304,139</u>
Total local street and road revenue	<u>\$6,980,225</u>	<u>\$2,870,485</u>	<u>\$9,850,710</u>
30% of total local street and road revenue			\$2,955,213
Less maintenance expenditures incurred to date			<u>(383,272)</u>
Available maintenance funds			<u>\$2,571,941</u>
Cumulative percentage expended for maintenance			<u>3.89%</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 is no long-term debt outstanding as of June 30, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$1,627,273
Less MOE base year requirement	<u>(984,388)</u>
Excess MOE for the year ended June 30, 2023	<u>\$ 642,885</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 \$2,688.21. For two permits issued, the exaction fee collected was based upon the prior year's exaction fee amount. This resulted in an under-collection of the exaction fee in the amount of \$646. 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, 2023.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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, 2023.

- 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, 2023.

- 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 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, 2023.

- 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 the City not consistently collecting the required exaction fee amount of \$2,635.50. For two permits issued, the exaction fee collected was based upon the prior year's exaction fee amount. Per further discussion with the City, it was determined that the City will transfer funds from their budget to cover the remaining fees from FY22.

16. We proposed current year's 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, 2023. 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

, 2024

CITY OF CORONADO, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2023

(1) Need to Use Approved Exaction Fee

Per review of the City’s exaction fee collections for the year ended June 30, 2023, the City did not consistently collect the required exaction fee amount of \$2,688.21. For two permits issued, the exaction fee collected was based upon the prior year’s exaction fee amount. This resulted in an under-collection of the exaction fee in the amount of \$646.34 as follows:

<u>Permit Number</u>	<u>Audited Amount</u>	<u>Amount Required</u>	<u>Variance</u>
NC2107-001	\$2,668.21	\$2,688.21	\$20.00
Various	<u>15,502.92</u>	<u>16,129.26</u>	<u>626.34</u>
Totals	<u>\$18,171.13</u>	<u>\$18,817.47</u>	<u>\$646.34</u>

SANDAG Board recommendations as of February 9, 2022 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 \$2,635.50 to \$2,688.21 beginning July 1, 2022.”

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 \$646.34 for FY23. 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.

CITY OF CORONADO, CALIFORNIA

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

Findings and Recommendations (Continued)

Year Ended June 30, 2023

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

Management Response

Management agrees with the finding, and we are evaluating additional controls to prevent errors in collections in the future. During the review, we discovered that there was an issue with the permitting system and we are working on a remedy to correct the problem. City Departments are continuing to work together to improve controls and have reinforced with staff the need to review the correctness of fees before finalizing permits. Additionally, Finance will continue to work with permitting staff to identify gaps and put controls in place.

During the fiscal year 2024 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, 2022 through June 30, 2023.

"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, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023
TransNet Extension:								
Congestion Relief:								
COR 07	9740-20002	Street, Curb & Gutter-FY19/FY20	\$ 106,844	\$ -	\$ -	\$ -	\$ -	\$ 106,844
COR 25	9712-18003	Ocean Blvd. Street Improvement	(468,598)	500,000	-	(31,400)	-	2
		Interest Income	495	-	-	-	-	495
		Total Congestion Relief	(361,259)	500,000	-	(31,400)	-	107,341
Maintenance:								
COR 04	98987-STPVM FY23	Street Preventative Maintenance FY23	-	100,000	-	(100,000)	-	-
		Total Maintenance	-	100,000	-	(100,000)	-	-
		Total Local Street Improvements	(361,259)	600,000	-	(131,400)	-	107,341
		Total <i>TransNet</i> Extension	(361,259)	600,000	-	(131,400)	-	107,341
		GASB 31 Market Value Adjustment	(3,272)	-	1,287	-	-	(1,985)
		Total <i>TransNet</i> Extension after GASB 31 adjustment	\$ (364,531)	\$ 600,000	\$ 1,287	\$ (131,400)	\$ -	\$ 105,356

SCHEDULE B

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

<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, 2023</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	959,042	3,866	(962,906)	2
		Interest Income	-	495	-	495
		Total Congestion Relief	1,146,621	4,361	(1,043,641)	107,341
Maintenance:						
COR 04	98987-STPVM FY23	Street Preventative Maintenance FY23	100,000	-	(100,000)	-
		Total Maintenance	100,000	-	(100,000)	-
		Total Local Street Improvements	1,246,621	4,361	(1,143,641)	107,341
		Total Cumulative <i>TransNet</i> Extension	1,246,621	4,361	(1,143,641)	107,341
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	\$ 7,047,350	\$ 21,958	\$ (6,961,967)	\$ 107,341

SCHEDULE C

CITY OF CORONADO, CALIFORNIA
 TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2023	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022	
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	1,977	(3,671)	-	-	19,519	18,869	
For Fiscal Year ended June 30, 2018	June 30, 2025	COR24	14,425	1,344	-	-	-	15,769	15,287	
For Fiscal Year ended June 30, 2019	June 30, 2026	COR24	26,446	2,465	-	-	-	28,911	27,884	
For Fiscal Year ended June 30, 2020	June 30, 2027	COR24	15,943	1,486	-	-	-	17,429	16,627	
For Fiscal Year ended June 30, 2021	June 30, 2028	COR24	-	-	-	-	-	-	-	
For Fiscal Year ended June 30, 2022	June 30, 2029	COR24	12,919	1,204	-	(5,168)	-	8,955	13,000	(a)
For Fiscal Year ended June 30, 2023	June 30, 2030	COR24	20,859	1,944	-	-	-	22,803	-	
Subtotal RTCIP Funds			130,341	11,296	(23,083)	(5,168)	-	113,386	91,667	
GASB 31 Market Value Adjustment			-	930	-	-	-	930	(123)	
Total RTCIP Funds			<u>\$ 130,341</u>	<u>\$ 12,226</u>	<u>\$ (23,083)</u>	<u>\$ (5,168)</u>	<u>\$ -</u>	<u>\$ 114,316</u>	<u>\$ 91,544</u>	

Notes:

(a) Adjustment is to reflect an applied refund applicable for FY 22 fees collected but processed in FY 23.

CITY OF DEL MAR, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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: This procedure is not applicable as the City did not have any *TransNet* expenditures recorded during FY2023.

- 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: This procedure is not applicable as the City did not have any *TransNet* expenditures recorded during FY2023.

- 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: This procedure is not applicable as the City did not have any *TransNet* expenditures recorded during FY2023.

- 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: This procedure is not applicable as the City did not have any *TransNet* expenditures recorded during FY2023.

- 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 have any *TransNet* expenditures recorded during FY2023.

- 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

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 during FY 2023.

- 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 during FY2023.

- 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 during FY 2023.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2024.

Results: This procedure is not applicable as there were no projects with a negative ending balance during FY 2023.

- 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 have been inactive over the past two years. The City indicated for DM02 project that "The City of Del Mar has secured other local funding sources that will be utilized first before using TransNet Funds. It is anticipated that the other available local funds will be exhausted during the construction phase of the project. The construction phase of the project is projected to begin in December 2026. It is not anticipated that TransNet funds will be used for this project prior to that date." They also indicated that, "The City is in process of completing a street assessment and will be going out to bid in FY24 for Resurfacing and Drainage maintenance project (DM01)." 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 24, 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 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 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: This procedure is not applicable as there were no completed projects 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 2023 apportionment	\$ 274,021
Less: debt service payment	<u>(131,959)</u>
Net estimated apportionment	142,062
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>42,619</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	3,285
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>3,285</u>
Fund balance under apportionment	<u>\$ 39,334</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as indicated as follows:

	<u>Funds Held by City</u>	<u>Funds Held by SANDAG</u>	<u>Total</u>
Congestion Relief	\$3,285	\$(127,483)	\$(124,198)
Maintenance	-	<u>570,946</u>	<u>570,946</u>
Totals	<u>\$3,285</u>	<u>\$ 443,463</u>	<u>\$ 446,748</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 5.40% of cumulative local street and road revenue for maintenance indicated as follows:

	<u>Del Mar</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$6,614,166	\$(156,126)	\$6,458,040
Maintenance	402,626	559,707	962,333
Interest	<u>8,378</u>	<u>39,882</u>	<u>48,260</u>
Total local street and road revenue	<u>\$7,025,170</u>	<u>\$ 443,463</u>	<u>\$7,468,633</u>
30% of total local street and road revenue			\$ 2,240,590
Less maintenance expenditures incurred to date			<u>(403,270)</u>
Available maintenance funds			<u>\$1,837,320</u>
Cumulative percentage expended for maintenance			<u>5.40%</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</u> <u>July 1, 2022</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Interest and</u> <u>Other</u> <u>Adjustments</u>
2014 Series A Bonds	\$ 140,000	\$ 70,000	\$ 70,000	\$ 4,783
2019 Series A Bonds	855,000	-	855,000	26,909
2021 Series A Bonds	1,610,000	-	1,610,000	31,572

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, 2023. The City had an outstanding unmet MOE requirement for the prior year in the amount of \$72,462 for 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, 2023, is summarized on the following page:

	<u>Street & Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Current year local discretionary expenditures	\$917,285	\$60,000	\$977,285
Less MOE base year requirement	(602,608)	(27,766)	(630,374)
Less prior year shortfall	<u>(72,462)</u>	<u>-</u>	<u>(72,462)</u>
Excess (shortfall) MOE for the year ended June 30, 2023	<u>\$242,215</u>	<u>\$32,234</u>	<u>\$274,449</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: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2023.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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, 2023.

- 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 FY 2023.

- 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, 2023.

- 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's report included a finding that the City of Del Mar did not meet its MOE requirement for Streets & Roads and had a shortfall in the amount of \$72,462. Our testing of the MOE requirement for the year ended June 30, 2023 identified that the City was able to resolve the shortfall. As such, the finding will be removed.

- 16. We proposed current year's 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, 2023. 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
_____ , 2024

DRAFT

CITY OF DEL MAR, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2023

(1) Need to Use Approved Exaction Fee

Per review of the City’s exaction fee collections for the year ended June 30, 2023, the City did not consistently collect the required exaction fee amount of \$2,688.21. There were two permits issued where the exaction fees collected were based on FY22 fees in the amount of \$2,635.50. This resulted in an under-collection of the exaction fees in the amount of \$474.39 as follows:

<u>Project #</u>	<u>Account #</u>	<u>Units</u>	<u>Amount Required</u>	<u>Amount Charged</u>	<u>Variance</u>
DRB20-013	B45.4700.4727	1	\$ 2,688.21	\$ 2,635.50	\$ 52.71
DRB18-008	B45.4700.4727	8	21,505.68	21,084.00	421.68
	Totals	9	\$24,193.89	\$23,719.50	\$474.39

SANDAG Board recommendations as of February 9, 2022 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 \$2,635.50 to \$2,688.21 beginning July 1, 2022.”

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 \$474.39. 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 DEL MAR, CALIFORNIA

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

Findings and Recommendations
(Continued)

Year Ended June 30, 2023

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

Management Response

The City inadvertently overlooked updating the new exaction fees on the permitting system. Two permits were processed and were charged the old RTCIP exaction fees. Upon discovery, this was immediately corrected, and an audit of other permits processed was conducted. No other errors were found. The Community Development department and the Finance division have implemented additional procedures to ensure that exaction fees are updated as needed per SANDAG updates. The Community Development department will work on collecting the undercharged fees.

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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, 2022 through June 30, 2023.

“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, 2023

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2022</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2023</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
DM02	44.7000.7011	Local Match to Bridge Retrofit Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(a)
DM06	44.7000.7009	Sidewalk, Street and Drainage Project	3,167	-	118	-	-	3,285	
		2014 Series A Bond	-	73,478	-	(73,478)	-	-	
		2019 Series A Bond	-	26,909	-	(26,909)	-	-	
		2021 Series A Bond	-	31,572	-	(31,572)	-	-	
		Total Congestion Relief	<u>3,167</u>	<u>131,959</u>	<u>118</u>	<u>(131,959)</u>	<u>-</u>	<u>3,285</u>	
Maintenance:									
DM01	44.7000.7009	Resurfacing and Drainage Project	-	-	-	-	-	-	(b)
		Total Maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total Local Street Improvements	<u>3,167</u>	<u>131,959</u>	<u>118</u>	<u>(131,959)</u>	<u>-</u>	<u>3,285</u>	
		Total TransNet Extension	3,167	131,959	118	(131,959)	-	3,285	
		GASB 31 Market Value Adjustment	(411)	-	316	-	-	(95)	
		Total TransNet Extension after GASB 31 Adjustment	<u>\$ 2,756</u>	<u>\$ 131,959</u>	<u>\$ 434</u>	<u>\$ (131,959)</u>	<u>\$ -</u>	<u>\$ 3,190</u>	

Notes:

- (a) The City of Del Mar has secured other local funding sources that will be utilized first before using TransNet Funds. It is anticipated that the other available local funds will be exhausted during the construction phase of the project. The construction phase of the project is projected to begin in December 2026. It is not anticipated that TransNet funds will be used for this project prior to that date.
- (b) The City is in process of completing a street assessment and will be going out to bid in FY24 for Resurfacing and Drainage maintenance project (DM01).

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
DM02	44.7000.7011	Local Match to Bridge Retrofit Projects	\$ 207,386	\$ 459	\$ (207,845)	\$ -
DM06	44.7000.7009	Sidewalk, Street and Drainage Project	4,253,985	5,864	(4,256,564)	3,285
		2014 Series A Bonds	1,295,182	-	(1,295,182)	-
		2019 Series A Bonds	80,313	-	(80,313)	-
		2021 Series A Bonds	71,995	-	(71,995)	-
		Total Congestion Relief	<u>5,908,861</u>	<u>6,323</u>	<u>(5,911,899)</u>	<u>3,285</u>
Maintenance:						
DM01	44.7000.7009	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>6,311,487</u>	<u>6,967</u>	<u>(6,315,169)</u>	<u>3,285</u>
		Total Cumulative <i>TransNet</i> Extension	<u>6,311,487</u>	<u>6,967</u>	<u>(6,315,169)</u>	<u>3,285</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>\$ 7,828,792</u>	<u>\$ 8,378</u>	<u>\$ (7,833,885)</u>	<u>\$ 3,285</u>

CITY OF DEL MAR, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2023	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
For Fiscal Year ended June 30, 2016	June 30, 2023	DM06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2017	June 30, 2024	DM06	-	-	-	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	DM06	2,404	25	(2,429)	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026	DM06	2,483	68	(2,551)	-	-	-	
For Fiscal Year ended June 30, 2020	June 30, 2027	DM06	2,533	125	(3)	-	2,655	2,655	
For Fiscal Year ended June 30, 2021	June 30, 2028	DM06	2,584	131	-	-	2,715	2,715	
For Fiscal Year ended June 30, 2022	June 30, 2029	DM06	2,636	58	-	-	2,694	2,694	
For Fiscal Year ended June 30, 2023	June 30, 2030		<u>23,720</u>	<u>675</u>	<u>-</u>	<u>-</u>	<u>24,395</u>	<u>-</u>	
Subtotal RTCIP Funds			36,360	1,082	(4,983)	-	32,459	8,064	
GASB 31 Market Value Adjustment			-	(610)	-	-	(610)	(215)	
Total RTCIP Funds			<u>\$ 36,360</u>	<u>\$ 472</u>	<u>\$ (4,983)</u>	<u>\$ -</u>	<u>\$ 31,849</u>	<u>\$ 7,849</u>	

CITY OF EL CAJON, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 \$1,059,346. We selected \$375,347 (35.43%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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 expenditure 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2023. 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 and approved on October 19, 2020 by the City's Finance Department. The dollar amount of the indirect costs charged to the *TransNet* program was \$9,209 resulting in 0.87% 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: 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, 2024.

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 have been inactive over the past two years. The City indicated that for EL06 CIP 203690PWCP and 203691PWCP "These are active City projects funded by multiple MPO ID funding sources. Activity funded by this MPO ID was not present during this phase of the project." 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 January 25, 2024.

- 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 were no non-*TransNet* activity.

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 2023 apportionment	\$3,530,412
Less: debt service payment	_____
Net estimated apportionment	3,530,412
30% base	_____ 30%
Fiscal year 2023 30% threshold	<u>1,059,124</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(681,672)
Maintenance fund balance	<u>(596,142)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,277,814)</u>
Fund balance under apportionment	<u>\$ 2,336,938</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (681,672)	\$ 5,865,738	\$5,184,066
Maintenance	<u>(596,142)</u>	<u>5,313,368</u>	<u>4,717,226</u>
Totals	<u>\$(1,277,814)</u>	<u>\$11,179,106</u>	<u>\$9,901,292</u>

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

Results: The City has expended 17.77% of cumulative local street and road revenue for maintenance as indicated as follows:

	El Cajon	SANDAG	Total
Congestion relief	\$21,128,688	\$ 5,325,302	\$26,453,990
Maintenance	6,256,364	5,093,688	11,350,052
Interest	<u>9,785</u>	<u>760,116</u>	<u>769,901</u>
Total local street and road revenue	<u>\$27,394,837</u>	<u>\$11,179,106</u>	<u>\$38,573,943</u>
30% of total local street and road revenue			\$ 11,572,183
Less maintenance expenditures incurred to date			<u>(6,855,442)</u>
Available maintenance funds			<u>\$ 4,716,741</u>
Cumulative percentage expended for maintenance			<u>17.77%</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: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$2,463,072
Less MOE base year requirement	<u>(1,849,773)</u>
Excess MOE for the year ended June 30, 2023	<u>\$ 613,299</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 one permit 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: The City recorded total RTCIP expenditures in the amount of \$65,867. We selected \$45,115 (68.49%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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 payroll expenditures for fiscal year ending June 30, 2023.

- 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 27, 2023.

- 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, 2023. 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

_____, 2024

CITY OF EL CAJON, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2023

(1) Need to Use Approved Exaction Fee

Per review of the City’s exaction fee collections for the year ended June 30, 2023, the City did not consistently collect the required exaction fee amount of \$2,688.21. For one permit issued, the exaction fee collected was based upon the prior year’s exaction fee amount. This resulted in an under-collection of the exaction fee in the amount of \$52.71 as follows:

<u>Permit Number</u>	<u>Audited Amount</u>	<u>Amount Required</u>	<u>Variance</u>
BP-2020-0599	\$2,635.50	\$2,688.21	\$52.71

SANDAG Board recommendations as of February 9, 2022 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 \$2,635.50 to \$2,688.21 beginning July 1, 2022.”

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 \$52.71 for FY23. 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

Permit BP-2020-0599 was issued in FY21 at \$2,583.82 and billed for the FY22-FY23 change of \$51.68. However, it appears that the FY21-FY22 change (\$52.71) was not applied. Therefore, the City will issue an invoice for that amount prior to the completion of the project.

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	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	200020PWCP	Overlay 2020	(198,981)	20,011	-	(68,503)	-	(247,473)	(a)(b)
EL03	203688PWCP	Jamacha Road Safety Improvements	-	-	-	(13,233)	-	(13,233)	(a)
EL03	203689PWCP	Madison Avenue Safety Improvements	-	-	-	(2,382)	-	(2,382)	(a)
EL03	223748PWCP	Luke Lane Drainage Improvements	-	-	-	(2,637)	-	(2,637)	(a)
Total EL03 Projects			(198,981)	20,011	-	(86,755)	-	(265,725)	
EL06	N/A	Traffic Signal System Upgrades 2020	4,046	-	-	-	(4,046)	-	(c)
EL06	203688PWCP	Jamacha Road Safety Improvements	13,789	2,792	-	(4,166)	-	12,415	
EL06	203689PWCP	Madison Avenue Safety Improvements	(2,525)	-	-	-	12,149	9,624	(d)
EL06	203690PWCP	El Cajon Transit Center Improvements	28,514	-	-	-	-	28,514	(e)
EL06	203691PWCP	Main/Green Street Gateway Improvements	6,000	-	-	-	-	6,000	(e)
EL06	N/A	Traffic Signal System Upgrades 2021	8,103	-	-	-	(8,103)	-	(f)
EL06	223744PWCP	Traffic Signal System Upgrades 2022	15,605	-	-	(34,390)	-	(18,785)	(b)
EL06	200020PWCP	Overlay 2020	38	-	-	-	-	38	
Total EL06 Projects			73,570	2,792	-	(38,556)	-	37,806	
EL18	N/A	Street Light LED Retrofit Program 2019	(17,462)	-	-	-	-	(17,462)	(b)
EL18	N/A	Repair and Replacement of Street Light System	912	-	-	-	(912)	-	(c)
EL18	203688PWCP	Jamacha Road Safety Improvements	(34,810)	13,905	-	(4,167)	912	(24,160)	(a)(d)
EL18	203689PWCP	Madison Avenue Safety Improvements	(39,267)	-	-	(261,942)	-	(301,209)	(a)
EL18	N/A	Street Light LED Retrofit Program 2021	(38,750)	-	-	-	-	(38,750)	(b)
EL18	N/A	Street Light LED Retrofit Program 2022	7,090	-	-	-	-	7,090	
Total EL18 Projects			(122,287)	13,905	-	(266,109)	-	(374,491)	
Subtotal Congestion Relief			(247,698)	36,708	-	(391,420)	-	(602,410)	

(Continued)

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
		Congestion Relief balance carried forward	\$ (247,698)	\$ 36,708	\$ -	\$ (391,420)	\$ -	\$ (602,410)	
EL29	N/A	Traffic Safety Calming 2020	157,283	-	-	-	(157,283)	-	(f)
EL29	203689PWCP	Madison Avenue Safety Improvements	-	100,152	-	(256,583)	156,431	-	(f)
EL29	213719PWCP	Traffic Safety Calming 2021	2,880	-	-	(44,246)	-	(41,366)	(b)
EL29	223745PWCP	Traffic Safety Calming 2022	-	-	-	(37,660)	852	(36,808)	(a)(f)
EL29	223755PWCP	Pedestrian Safety Improvements	-	-	-	(2,081)	-	(2,081)	(a)
EL29	233790PWCP	Traffic Safety Calming 2023	-	-	-	(5,856)	-	(5,856)	(a)
		Total EL29 Projects	160,163	100,152	-	(346,426)	-	(86,111)	
		Interest Income	6,849	-	-	-	-	6,849	
		Total Congestion Relief	(80,686)	136,860	-	(737,846)	-	(681,672)	
		Maintenance:							
EL11	203688PWCP	Jamacha Road Safety Improvements	(35,575)	2,792	-	(4,166)	-	(36,949)	(a)
EL11	203689PWCP	Madison Avenue Safety Improvements	(5,149)	-	-	-	-	(5,149)	(a)
EL11	203690PWCP	El Cajon Transit Center Improvements	41	9,522	-	(23,877)	-	(14,314)	(a)
EL11	203691PWCP	Main/Green Street Gateway Improvements	(2,425)	2,515	-	(2,515)	-	(2,425)	(a)
EL11	N/A	Concrete Grind 2020	8,842	-	-	-	(8,842)	-	(c)
EL11	N/A	Concrete Grind 2021	8,806	-	-	-	(8,806)	-	(c)
EL11	222022PWCP	Concrete Sidewalk Slicing	(24,505)	-	-	(24,646)	17,648	(31,503)	(a)(d)
EL11	N/A	ADA Concrete Improvements 2020	(152,107)	-	-	-	-	(152,107)	(a)
EL11	N/A	ADA Concrete Improvements 2021	55	-	-	-	-	55	
		Total EL11 Projects	(202,017)	14,829	-	(55,204)	-	(242,392)	
EL21	N/A	Slurry 2020	(237,656)	-	-	-	-	(237,656)	(b)
EL21	N/A	Slurry 2021	(111,736)	-	-	-	-	(111,736)	(a)
EL21	233788PWCP	Slurry 2022	-	774	-	(8,068)	-	(7,294)	(a)
		Total EL21 Projects	(349,392)	774	-	(8,068)	-	(356,686)	
		Interest Income	2,936	-	-	-	-	2,936	
		Total Maintenance	(548,473)	15,603	-	(63,272)	-	(596,142)	
		Total Local Street improvements	(629,159)	152,463	-	(801,118)	-	(1,277,814)	

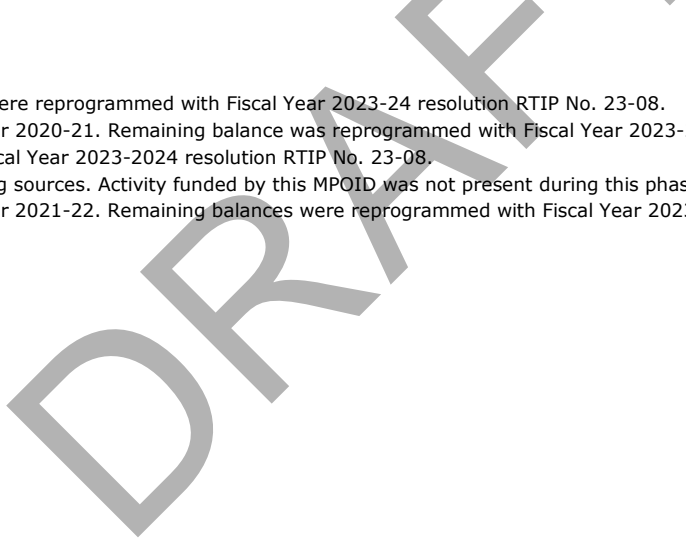
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CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
Smart Growth:									
EL40	SNDG5488	El Cajon Transit Center Community Connection Improvements	\$ (32,755)	\$ 14,194	\$ -	\$ (212,525)	\$ -	\$ (231,086)	(a)
EL41	SNDG5489	Main Street/Green Street Gateway	(74,356)	56,805	-	(36,003)	-	(53,554)	(a)
Total Smart Growth			(107,111)	70,999	-	(248,528)	-	(284,640)	
Total <i>TransNet</i> Extension			(736,270)	233,162	-	(1,059,346)	-	(1,562,454)	
GASB 31 Market Value Adjustment			-	-	-	-	-	-	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			\$ (736,270)	\$ 233,162	\$ -	\$ (1,059,346)	\$ -	\$ (1,562,454)	

Notes:

- (a) City will request funds during FY24.
- (b) Drawdowns were requested for the remaining balances that were reprogrammed with Fiscal Year 2023-24 resolution RTIP No. 23-08.
- (c) Adjustment is due to the project being completed in Fiscal Year 2020-21. Remaining balance was reprogrammed with Fiscal Year 2023-24 resolution RTIP No. 23-08.
- (d) Adjustment is due to the reprogramming of funds with the Fiscal Year 2023-2024 resolution RTIP No. 23-08.
- (e) This is an active City project funded by multiple MPOID funding sources. Activity funded by this MPOID was not present during this phase of the project.
- (f) Adjustment is due to the project being completed in Fiscal Year 2021-22. Remaining balances were reprogrammed with Fiscal Year 2023-24 resolution RTIP No. 23-08.



CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
EL06	N/A	Regional Arterial Management Systems	\$ 106,700	\$ -	\$ (106,700)	\$ -
		Total Congestion Relief - Pass-Through	106,700	-	(106,700)	-
Congestion Relief:						
EL03	200020PWCP	Overlay 2020	857,694	-	(1,105,167)	(247,473)
EL03	203688PWCP	Jamacha Road Safety Improvements	-	-	(13,233)	(13,233)
EL03	203689PWCP	Madison Avenue Safety Improvements	-	-	(2,382)	(2,382)
EL03	223748PWCP	Luke Lane Drainage Improvements	-	-	(2,637)	(2,637)
		Total EL06 Projects	857,694	-	(1,123,419)	(265,725)
EL06	N/A	Traffic Signal System Upgrades 2020	72,954	-	(72,954)	-
EL06	203688PWCP	Jamacha Road Safety Improvements	90,491	-	(78,076)	12,415
EL06	203689PWCP	Madison Avenue Safety Improvements	101,149	-	(91,525)	9,624
EL06	203690PWCP	El Cajon Transit Center Improvements	28,514	-	-	28,514
EL06	203691PWCP	Main/Green Street Gateway Improvements	6,000	-	-	6,000
EL06	N/A	Traffic Signal System Upgrades 2021	162,817	-	(162,817)	-
EL06	223744PWCP	Traffic Signal System Upgrades 2022	215,250	-	(234,035)	(18,785)
EL06	200020PWCP	Overlay 2020	51	-	(13)	38
		Total EL06 Projects	677,226	-	(639,420)	37,806
EL18	N/A	Street Light LED Retrofit Program 2019	138,873	-	(156,335)	(17,462)
EL18	N/A	Repair and Replacement of Street Light System	185,088	-	(185,088)	-
EL18	203688PWCP	Jamacha Road Safety Improvements	53,917	-	(78,077)	(24,160)
EL18	203689PWCP	Madison Avenue Safety Improvements	21,600	-	(322,809)	(301,209)
EL18	N/A	Street Light LED Retrofit Program 2021	97,000	-	(135,750)	(38,750)
EL18	N/A	Street Light LED Retrofit Program 2022	107,300	-	(100,210)	7,090
		Total EL18 Projects	603,778	-	(978,269)	(374,491)
		Subtotal Congestion Relief	2,138,698	-	(2,741,108)	(602,410)

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Congestion Relief balance carried forward	\$ 2,138,698	\$ -	\$ (2,741,108)	\$ (602,410)
EL29	N/A	Traffic Safety Calming 2020	105,906	-	(105,906)	-
EL29	203689PWCP	Madison Avenue Safety Improvements	256,583	-	(256,583)	-
EL29	213719PWCP	Traffic Safety Calming 2021	9,000	-	(50,366)	(41,366)
EL29	223745PWCP	Traffic Safety Calming 2022	852	-	(37,660)	(36,808)
EL29	223755PWCP	Pedestrian Safety Improvements	-	-	(2,081)	(2,081)
EL29	233790PWCP	Traffic Safety Calming 2023	-	-	(5,856)	(5,856)
		Total EL29 Projects	372,341	-	(458,452)	(86,111)
		Interest Income	-	6,849	-	6,849
		Total Congestion Relief	\$ 2,511,039	\$ 6,849	\$ (3,199,560)	\$ (681,672)
		Maintenance:				
EL11	203688PWCP	Jamacha Road Safety Improvements	41,127	-	(78,076)	(36,949)
EL11	203689PWCP	Madison Avenue Safety Improvements	86,021	-	(91,170)	(5,149)
EL11	203690PWCP	El Cajon Transit Center Improvements	79,487	-	(93,801)	(14,314)
EL11	203691PWCP	Main/Green Street Gateway Improvements	20,015	-	(22,440)	(2,425)
EL11	N/A	Concrete Grind 2020	91,158	-	(91,158)	-
EL11	N/A	Concrete Grind 2021	98,194	-	(98,194)	-
EL11	222022PWCP	Concrete Sidewalk Slicing	33,748	-	(65,251)	(31,503)
EL11	N/A	ADA Concrete Improvements 2020	153,500	-	(305,607)	(152,107)
EL11	N/A	ADA Concrete Improvements 2021	1,100	-	(1,045)	55
		Total EL11 Projects	604,350	-	(846,742)	(242,392)
EL21	N/A	Slurry 2020	485,018	-	(722,674)	(237,656)
EL21	N/A	Slurry 2021	165,000	-	(276,736)	(111,736)
EL21	233788PWCP	Slurry 2022	774	-	(8,068)	(7,294)
		Total EL21 Projects	650,792	-	(1,007,478)	(356,686)
		Interest Income	-	2,936	-	2,936
		Total Maintenance	1,255,142	2,936	(1,854,220)	(596,142)
		Total Local Street Improvements	3,766,181	9,785	(5,053,780)	(1,277,814)

(Continued)

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Smart Growth:				
EL40	SNDG5488	El Cajon Transit Center Community Connection Improvements	\$ 308,991	\$ -	\$ (540,077)	\$ (231,086)
EL41	SNDG5489	Main Street/Green Street Gateway	<u>328,210</u>	<u>-</u>	<u>(381,764)</u>	<u>(53,554)</u>
		Total Smart Growth	<u>637,201</u>	<u>-</u>	<u>(921,841)</u>	<u>(284,640)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>4,403,382</u>	<u>9,785</u>	<u>(5,975,621)</u>	<u>(1,562,454)</u>
		Completed Projects:				
		Congestion Relief	18,510,949	-	(18,510,949)	-
		Maintenance	5,001,222	-	(5,001,222)	-
		Smart Growth	<u>537,626</u>	<u>-</u>	<u>(537,626)</u>	<u>-</u>
		Total Completed Projects	<u>24,049,797</u>	<u>-</u>	<u>(24,049,797)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 28,453,179</u>	<u>\$ 9,785</u>	<u>\$ (30,025,418)</u>	<u>\$ (1,562,454)</u>

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CITY OF EL CAJON CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2023	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
For Fiscal Year ended June 30, 2015	June 30, 2023	EL40	\$ 13,860	\$ 991	\$ (14,851)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2016	June 30, 2024	EL40	260,933	-	(260,933)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2025	EL40	50,449	-	(50,449)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2026	EL40	302,985	-	(70,481)	-	232,504	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	44,648	
For Fiscal Year ended June 30, 2022	June 30, 2030		37,530	-	-	-	37,530	-	
Interest Income			-	59,256	-	-	-	59,256	48,687
Total RTCIP Funds			\$ 1,089,314	\$ 60,247	\$ (396,714)	\$ -	\$ -	\$ 752,847	\$ 770,615

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CITY OF ENCINITAS, CALIFORNIA

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

Year Ended June 30, 2023

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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 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, 2023. 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, 2023. 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 \$1,177,737. We selected \$600,002 (50.95%) 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, 2023.

- 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated to projects included within the RTIP for the fiscal year ended June 30, 2023.

- 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 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, 2024.

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 2023 apportionment	\$2,427,517
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,427,517
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>728,255</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	142,498
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>142,498</u>
Fund balance under apportionment	<u>\$585,757</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$142,498	\$(4,894,854)	\$(4,752,356)
Maintenance	<u>-</u>	<u>7,309,672</u>	<u>7,309,672</u>
Totals	<u>\$142,498</u>	<u>\$2,414,818</u>	<u>\$2,557,316</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 3.85% of cumulative local street and road revenue for maintenance as indicated below:

	<u>Encinitas</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$25,442,874	\$(5,490,521)	\$19,952,353
Maintenance	1,117,046	7,072,628	8,189,674
Interest	<u>55,210</u>	<u>832,711</u>	<u>887,921</u>
 Total local street and road revenue	 <u>\$26,615,130</u>	 <u>\$2,414,818</u>	 <u>\$29,029,948</u>
 30% of total local street and road revenue			 \$8,708,984
Less maintenance expenditures incurred to date			<u>(1,117,046)</u>
 Available maintenance funds			 <u>\$7,591,938</u>
 Cumulative percentage expended for maintenance			 <u>3.85%</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, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$11,629,625
Less MOE base year requirement	<u>(2,279,925)</u>
Excess MOE for the year ended June 30, 2023	<u>\$ 9,349,700</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 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 \$6,856. We selected \$6,856 (100%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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, 2023

- 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, 2023.

- 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 for the fiscal year ended June 30, 2023.

- 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 6, 2023.

- 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, 2023.

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, 2023. 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

_____, 2024

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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, 2022 through June 30, 2023.

"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, 2023

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2022</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2023</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	CS21A	FY 20/21 Annual Street Overlay	-	5,667	23	(5,660)	(30)	-	(a)(b)
ENC14A	CS22A	FY 21/22 Annual Street Overlay	(46,788)	623,302	2,516	(608,622)	30	(29,562)	(c)
ENC14A	CS23A	FY 22/23 Annual Street Overlay	-	403,470	1,629	(235,900)	-	169,199	
		Total ENC14A Projects	(46,788)	1,032,439	4,168	(850,182)	-	139,637	
ENC20	CS04D	No. Coast Hwy 101 Streetscape	(157,238)	253,871	1,025	(95,703)	-	1,955	
ENC20	CS22F	Leucadia Streetscape Seg B & C	-	224,452	906	(224,452)	-	906	
		Total ENC20 Projects	(157,238)	478,323	1,931	(320,155)	-	2,861	
		Total Congestion Relief	(204,026)	1,510,762	6,099	(1,170,337)	-	142,498	
		Total Local Street Improvements	(204,026)	1,510,762	6,099	(1,170,337)	-	142,498	
		Total <i>TransNet</i> Extension	\$ (204,026)	\$ 1,518,162	\$ 6,099	\$ (1,177,737)	\$ -	\$ 142,498	

Notes:

- (a) Project is complete.
- (b) Remaining project balance for CS21A was transferred to CS22A within the same MPO ID.
- (c) Funding will be requested in FY24 to remove the negative balance.

SCHEDULE B

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

<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, 2023</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
ENC28	CS02G	Regional Arterial Management Systems	\$ 81,400	\$ -	\$ (81,400)	\$ -
		Total Congestion Relief - Pass-Through	<u>81,400</u>	<u>-</u>	<u>(81,400)</u>	<u>-</u>
Congestion Relief:						
ENC14A	CS21A	FY 20/21 Annual Street Overlay	1,278,205	497	(1,278,702)	-
ENC14A	CS22A	FY 21/22 Annual Street Overlay	1,627,497	2,885	(1,659,944)	(29,562)
ENC14A	CS23A	FY 22/23 Annual Street Overlay	403,470	1,629	(235,900)	169,199
		Total ENC14A Projects	<u>3,309,172</u>	<u>5,011</u>	<u>(3,174,546)</u>	<u>139,637</u>
ENC20	CS04D	No. Coast Hwy 101 Streetscape	6,779,518	26,223	(6,803,786)	1,955
ENC20	CS22F	Leucadia Streetscape Seg B & C	224,452	906	(224,452)	906
		Total ENC20 Projects	<u>7,003,970</u>	<u>27,129</u>	<u>(7,028,238)</u>	<u>2,861</u>
		Total Congestion Relief	<u>10,313,142</u>	<u>32,140</u>	<u>(10,202,784)</u>	<u>142,498</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>10,394,542</u>	<u>32,140</u>	<u>(10,284,184)</u>	<u>142,498</u>
Completed Projects:						
		LSI - Congestion Relief	\$ 15,048,332	\$ 23,070	\$ (15,071,402)	\$ -
		LSI - Maintenance	1,117,046	-	(1,117,046)	-
		Environmental Mitigation Grant	52,744	-	(52,744)	-
		Total Completed Projects	<u>16,218,122</u>	<u>23,070</u>	<u>(16,241,192)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 26,612,664</u>	<u>\$ 55,210</u>	<u>\$ (26,525,376)</u>	<u>\$ 142,498</u>

SCHEDULE C

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2023	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
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	-	(85,652)	-	71,403	78,259	
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	89,720	
For Fiscal Year ended June 30, 2023	June 30, 2030		259,177	-	-	-	259,177	-	
Interest Income			-	95,441	-	-	-	95,441	90,297
Total RTCIP Funds			\$ 1,217,810	\$ 95,441	\$ (699,193)	\$ -	\$ -	\$ 614,058	\$ 356,593

DRAFT

CITY OF ESCONDIDO, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 \$3,781,078. We selected \$1,064,327 (28.15%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2023. The City allocates costs out of the various departments and into capital projects by using the engineering time directly charged to a project as the cost basis, and multiplying it by a set percentage associated with each department. The indirect cost percentage charged by departments varied between 0.53% and 55.00%. The City allocated a total of \$722,819 of indirect costs in the RTIP, resulting in 19.12% of indirect costs compared to total *TransNet* expenditures. Indirect costs exceeded 10% of total *TransNet* expenditures due to increase in payroll costs being included in the *TransNet* projects as well as decrease in total *TransNet* expenditures. The City's indirect cost plan was last updated in FY 2022 and approved by the Director of Finance. 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: This procedure is not applicable as there were no completed projects from that had been transferred.

- 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, 2024.

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 have been inactive over the past two years. The City indicated that, "ESC24 is delayed and the City is currently working with a developer for the improvements to be completed. If not, the City will complete these improvements. Estimated Completion Date is June 30, 2025. ESC38 has an encumbrance of \$7,071 open for a consulting agreement to perform pavement condition survey to gather current street distress data, update the Pavement Condition Index (PCI), and update the City's street inventory." 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 January 19, 2024.

- 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 they did not have non-*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: 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 2023 apportionment	\$5,313,988
Less: debt service payment	<u> -</u>
Net estimated apportionment	5,313,988
30% base	<u> 30%</u>
Fiscal year 2023 30% threshold	<u>1,594,196</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(586,625)
Maintenance fund balance	<u> 264,855</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(321,770)</u>
Fund balance under apportionment	<u>\$1,915,966</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(586,625)	\$12,164,890	\$11,578,265
Maintenance	<u>264,855</u>	<u>1,456,227</u>	<u>1,721,082</u>
Totals	<u>\$(321,770)</u>	<u>\$13,621,117</u>	<u>\$13,299,347</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 26.19% of cumulative local street and road revenue for maintenance as indicated below:

	Escondido	SANDAG	Total
Congestion relief	\$32,734,097	\$10,808,281	\$43,542,378
Maintenance	16,808,711	867,141	17,675,852
Interest	<u>44,750</u>	<u>1,945,695</u>	<u>1,990,445</u>
Total local street and road revenue	<u>\$49,587,558</u>	<u>\$13,621,117</u>	<u>\$63,208,675</u>
30% of total local street and road revenue			\$ 18,962,603
Less maintenance expenditures incurred to date			<u>(16,555,765)</u>
Available maintenance funds			\$ <u>2,406,838</u>
Cumulative percentage expended for maintenance			<u>26.19%</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 is no long-term debts outstanding as of June 30, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$8,605,898
Less MOE base year requirement	<u>(3,352,190)</u>
Excess MOE for the year ended June 30, 2023	<u>\$5,253,708</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 \$2,037,913. We selected \$751,152 (36.86%) for testing. No exceptions were noted as a result of our testing.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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 allocations did not exceed 20% of total 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 28, 2023.

- 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, 2023, the City collected all of the \$878.56 of uncollected 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, 2023.

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, 2023. 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
_____, 2024

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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, 2022 through June 30, 2023.

“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 Escondido, 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 ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Project Status June 30, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ESC02A	691705	East Valley/Valley Center Road	\$ 12,771	\$ -	\$ -	\$ -	\$ -	\$ 12,771	(a)
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	(42,101)	1,700,000	-	(2,301,689)	(210,056)	(853,846)	(b)(c)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	7,746	-	-	-	-	7,746	(a)
ESC08	690309	Felicita Ave/Juniper Street	19,170	150,000	-	(254,195)	-	(85,025)	(c)
ESC24	690029	Centre City/Highway 78 to Mission Ave	5,580	-	-	-	-	5,580	(d)
ESC46	609901	Escondido Creek Trail Bike Path Improvements	-	150,000	-	(88,420)	-	61,580	
ESC48	699902	Grand Ave Streetscape Improvements	(44,821)	150,000	-	(40,697)	-	64,482	
ESC49	699901	Quince/Tulip Pedestrian Signal	23,694	5,000	-	(27,731)	-	963	
ESC51	698201	Comprehensive Active Transp. Strategy	(13,987)	105,000	-	(50,722)	-	40,291	
Subtotal Congestion Relief			<u>(31,948)</u>	<u>2,260,000</u>	<u>-</u>	<u>(2,763,454)</u>	<u>(210,056)</u>	<u>(745,458)</u>	
ESC38	694801	Pavement Rehabilitation FY 18	26,880	-	-	(18,630)	-	8,250	
ESC38	694901	Pavement Rehabilitation FY 19	7,071	-	-	-	-	7,071	(e)
ESC38	694102	Pavement Rehabilitation FY 21	(782,806)	782,806	-	-	-	-	(f)
ESC38	694103	Pavement Rehabilitation FY 22	77,923	317,194	-	(76,866)	-	318,251	
Total ESC38 Project			<u>(670,932)</u>	<u>1,100,000</u>	<u>-</u>	<u>(95,496)</u>	<u>-</u>	<u>333,572</u>	
ESC39	691901	Traffic Signals FY 19	16,275	-	-	-	-	16,275	
ESC39	691001	Traffic Signals FY 20	14,326	310,000	-	(522,129)	-	(197,803)	(c)
Total ESC39 Project			<u>30,601</u>	<u>310,000</u>	<u>-</u>	<u>(522,129)</u>	<u>-</u>	<u>(181,528)</u>	
Interest Income			<u>4,221</u>	<u>-</u>	<u>2,568</u>	<u>-</u>	<u>-</u>	<u>6,789</u>	
Total Congestion Relief			<u>(668,058)</u>	<u>3,670,000</u>	<u>2,568</u>	<u>(3,381,079)</u>	<u>(210,056)</u>	<u>(586,625)</u>	

(Continued)

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Project Status June 30, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
Maintenance:									
ESC37	697901	Pavement Maintenance FY 19	\$ 4,774	\$ -	\$ -	\$ (4,337)	\$ -	\$ 437	
ESC37	687001	Pavement Maintenance FY 20	(22,562)	45,000	-	(75,374)	-	(52,936)	(c)
ESC37	687101	Pavement Maintenance FY 21	(486,834)	465,000	-	(17,319)	-	(39,153)	(c)
ESC37	687201	Pavement Maintenance FY 22	(489,014)	540,000	-	(64,936)	-	(13,950)	(c)
ESC37	687301	Pavement Maintenance FY 23	-	550,000	-	(182,451)	-	367,549	
Total ESC37 Project			(993,636)	1,600,000	-	(344,417)	-	261,947	
Interest Income			1,808	-	1,100	-	-	2,908	
Total Maintenance			(991,828)	1,600,000	1,100	(344,417)	-	264,855	
Total Local Street Improvements			(1,659,886)	5,270,000	3,668	(3,725,496)	(210,056)	(321,770)	
Smart Growth:									
ESC44	699601	Transit Center Active Transportation Connections	(6,890)	-	-	-	-	(6,890)	(g)
ESC48	699902	Grand Ave Streetscape Improvements	(290,896)	305,552	-	(55,582)	-	(40,926)	(g)
Total Smart Growth			(297,786)	305,552	-	(55,582)	-	(47,816)	
Total <i>TransNet</i> Extension			\$ (1,957,672)	\$ 5,575,552	\$ 3,668	\$ (3,781,078)	\$ (210,056)	\$ (369,586)	

Notes:

- (a) Project is complete and funding to be reprogrammed in FY24.
- (b) Accrued expenses of \$210,056.14 were recorded for FY22 after audit completed.
- (c) More project expenditures incurred in June 2023 than anticipated, drawdowns were requested in FY 2024 for ESC04, ESC08, ESC37 and ESC39.
- (d) The project is delayed. The City is currently working with a developer. These improvements may be completed by the developer. If not, the City will complete these improvements. Estimated Completion Date: June 30, 2025.
- (e) The project has an encumbrance of \$7,071 open for consulting agreement to perform a pavement condition survey to gather current street distress data, update the Pavement Condition Index (PCI), and update the City's street inventory. Pending completion date.
- (f) Project is complete.
- (g) Grant Projects are on a reimbursement basis and 10% retention is held by SANDAG.

SCHEDULE B

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
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	4,469,637	321	(5,323,804)	(853,846)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	2,698,084	-	(2,690,338)	7,746
ESC08	690309	Felicita Ave/Juniper Street	312,000	-	(397,025)	(85,025)
ESC24	690029	Centre City/Highway 78 to Mission Ave	110,000	-	(104,420)	5,580
ESC46	609901	Escondido Creek Trail Bike Path Improvements	150,000	-	(88,420)	61,580
ESC48	699902	Grand Ave Streetscape Improvements	987,900	-	(923,418)	64,482
ESC49	699901	Quince/Tulip Pedestrian Signal	80,000	-	(79,037)	963
ESC51	698201	Comprehensive Active Transp. Strategy	105,000	-	(64,709)	40,291
		Subtotal Congestion Relief	<u>14,073,038</u>	<u>9,007</u>	<u>(14,827,503)</u>	<u>(745,458)</u>
ESC38	694801	Pavement Rehabilitation FY 18	2,709,453	-	(2,701,203)	8,250
ESC38	694901	Pavement Rehabilitation FY 19	684,873	-	(677,802)	7,071
ESC38	694102	Pavement Rehabilitation FY 21	1,177,900	-	(1,177,900)	-
ESC38	694103	Pavement Rehabilitation FY 22	412,194	-	(93,943)	318,251
		Total ESC38 Project	<u>4,984,420</u>	<u>-</u>	<u>(4,650,848)</u>	<u>333,572</u>
ESC39	691901	Traffic Signals FY 19	120,000	-	(103,725)	16,275
ESC39	691001	Traffic Signals FY 20	375,000	-	(572,803)	(197,803)
		Total ESC39 Project	<u>495,000</u>	<u>-</u>	<u>(676,528)</u>	<u>(181,528)</u>
		Interest Income	<u>-</u>	<u>6,789</u>	<u>-</u>	<u>6,789</u>
		Total Congestion Relief	<u>19,552,458</u>	<u>15,796</u>	<u>(20,154,879)</u>	<u>(586,625)</u>

(Continued)

SCHEDULE B

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
Maintenance:						
ESC37	697901	Pavement Maintenance FY19	\$ 1,676,757	\$ -	\$ (1,676,320)	\$ 437
ESC37	687001	Pavement Maintenance FY20	1,098,243	2,121	(1,153,300)	(52,936)
ESC37	687101	Pavement Maintenance FY21	1,020,000	-	(1,059,153)	(39,153)
ESC37	687201	Pavement Maintenance FY22	1,150,000	-	(1,163,950)	(13,950)
ESC37	687301	Pavement Maintenance FY23	550,000	-	(182,451)	367,549
Total ESC37 Project			5,495,000	2,121	(5,235,174)	261,947
Interest Income			-	2,908	-	2,908
Total Maintenance			5,495,000	5,029	(5,235,174)	264,855
Total Local Street Improvements			25,047,458	20,825	(25,390,053)	(321,770)
Smart Growth:						
ESC44	699601	Transit Center Active Transportation Connections	1,165,172	-	(1,172,062)	(6,890)
ESC48	699902	Grand Ave Streetscape Improvements	1,220,226	-	(1,261,152)	(40,926)
Total Smart Growth			2,385,398	-	(2,433,214)	(47,816)
Subtotal Cumulative <i>TransNet</i> Extension			27,432,856	20,825	(27,823,267)	(369,586)
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			26,748,399	23,925	(26,772,324)	-
Total Cumulative <i>TransNet</i> Extension			\$ 54,181,255	\$ 44,750	\$ (54,595,591)	\$ (369,586)

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2023	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
For Fiscal Year ended June 30, 2015	June 30, 2022	ESC04	\$ 200,779	\$ -	\$ (200,779)	\$ -	\$ -	\$ -	\$ 37,160
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	ESC04	1,074,561	-	(384,136)	-	-	690,425	1,074,561
For Fiscal Year ended June 30, 2022	June 30, 2029		726,410	-	-	-	-	726,410	726,410
For Fiscal Year ended June 30, 2023	June 30, 2030		511,469	-	-	-	-	511,469	-
Interest Income			-	247,390	-	-	-	247,390	184,360
Total RTCIP Funds			\$ 4,131,259	\$ 247,390	\$ (2,202,955)	\$ -	\$ -	\$ 2,175,694	\$ 3,640,531

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 in the amount of \$815,154. We selected \$234,983 (28.83%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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 procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP during FY23.

- 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, 2024.

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: 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 2023 apportionment	\$ 930,454
Less: debt service payment	<u>(323,253)</u>
Net estimated apportionment	607,201
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>182,160</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(109,322)
Maintenance fund balance	<u>103</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(109,219)</u>
Fund balance under apportionment	<u>\$ 291,379</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(109,322)	\$ 334,477	\$ 225,155
Maintenance	<u>103</u>	<u>218,830</u>	<u>218,933</u>
Totals	<u>\$(109,219)</u>	<u>\$ 553,307</u>	<u>\$ 444,088</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 23.63% of cumulative local street and road revenue for maintenance as indicated below:

	<u>Imperial</u> <u>Beach</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$ 9,386,315	\$ 284,752	\$ 9,671,067
Maintenance	3,084,902	198,870	3,283,772
Interest	<u>40,155</u>	<u>69,685</u>	<u>109,840</u>
Total local street and road revenue	<u>\$12,511,372</u>	<u>\$ 553,307</u>	<u>\$13,064,679</u>
30% of total local street and road revenue			\$ 3,919,404
Less maintenance expenditures incurred to date			<u>(3,086,604)</u>
Available maintenance funds			<u>\$ 832,800</u>
Cumulative percentage expended for maintenance			<u>23.63%</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: The results are summarized below:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Interest</u>	<u>Total</u>
Commercial Paper Debt Services	<u>\$798,356</u>	<u>\$148,000</u>	<u>\$296,928</u>	<u>\$649,428</u>	<u>\$26,325</u>	<u>\$323,253</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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$520,105
Less MOE base year requirement	<u>(233,219)</u>
Excess MOE for the year ended June 30, 2023	<u>\$286,886</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, 2023.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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, 2023.

- 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, 2023.

- 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 12, 2023.

- 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, 2023.

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, 2023. 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

_____, 2024

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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, 2023

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2022</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2023</u>	<u>Notes</u>
		TransNet Extension:							
		Local Street Improvements:							
		Congestion Relief:							
IB12	S22101	Major Street Improvements	\$ (3,855)	\$ 9,734	\$ -	\$ (11,320)	\$ -	\$ (5,441)	(a)
IB21	S20112	SR-75 Signal Interconnection Project (CP)	(15,951)	148,000	-	(183,657)	(30,473)	(82,081)	(a)(b)
IB23	S22107	10th St. Streetscape Enhancement Project	-	25,624	-	(47,424)	-	(21,800)	(a)
		Commercial Paper Debt Service	-	323,253	-	(323,253)	-	-	
		Total Congestion Relief	(19,806)	506,611	-	(565,654)	(30,473)	(109,322)	
		Maintenance:							
IB02	N/A	Street Maintenance - Operations	102	249,500	1	(249,500)	-	103	
		Total Maintenance	102	249,500	1	(249,500)	-	103	
		Total Local Street Improvements	(19,704)	756,111	1	(815,154)	(30,473)	(109,219)	
		Total <i>TransNet</i> Extension	(19,704)	756,111	1	(815,154)	(30,473)	(109,219)	
		GASB 31 Market Value Adjustment	2,722	-	-	-	-	2,722	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	(16,982)	756,111	1	(815,154)	(30,473)	(106,497)	
		Non-TransNet							
IB22	S22101	9th St. Active Transportation Corridor	(65,092)	203,804	-	(168,439)	-	(29,727)	(a)(c)
IB23	S22107	10th St. Streetscape Grant (Clean CA)	-	46,570	-	(86,085)	-	(39,515)	(a)
		Total Non- <i>TransNet</i>	(65,092)	250,374	-	(254,524)	-	(69,242)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>	\$ (82,074)	\$ 1,006,485	\$ 1	\$ (1,069,678)	\$ (30,473)	\$ (175,739)	

Notes:

- (a) The City will request drawdown/reimbursement in FY24 to address the deficit.
- (b) Adjustment is for a reversal of a prior year draw request that was not received.
- (c) Project was included as an Active Transportation Grant in FY22, but it is funded with non-*TransNet* funds and is now accurately presented on Schedule A.

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

<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, 2023</u>
		TransNet Extension:				
		Local Street Improvements:				
		Congestion Relief:				
IB12	S22101	Major Street Improvements	\$ 6,759,197	\$ 38,350	\$ (6,802,988)	\$ (5,441)
IB21	S20112	SR-75 Signal Interconnection Project	303,000	-	(385,081)	(82,081)
IB23	S22107	10th St. Streetscape Enhancement Project	25,624	-	(47,424)	(21,800)
		Commercial Paper Debt Services	998,485	-	(998,485)	-
		Total Congestion Relief	8,086,306	38,350	(8,233,978)	(109,322)
		Maintenance:				
IB02	N/A	Street Maintenance - Operations	3,067,525	1,805	(3,069,227)	103
		Total Maintenance	3,067,525	1,805	(3,069,227)	103
		Total Local Street Improvements	11,153,831	40,155	(11,303,205)	(109,219)
		Completed Projects:				
		Congestion Relief	1,300,009	-	(1,300,009)	-
		Maintenance	17,377	-	(17,377)	-
		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	3,962,667	-	(3,962,667)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 15,116,498	\$ 40,155	\$ (15,265,872)	\$ (109,219)

CITY OF IMPERIAL BEACH CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2023	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
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	64,118
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	IB11	25,838	-	-	-	-	25,838	25,838
For Fiscal Year ended June 30, 2022	June 30, 2029	IB11	31,626	-	-	-	-	31,626	31,626
For Fiscal Year ended June 30, 2023	June 30, 2030	IB11	48,388	-	-	-	-	48,388	-
Interest Income			-	15,351	-	-	-	15,351	12,915
Total RTCIP Funds			804,134	15,737	(535,043)	-	-	284,828	234,004
GASB 31 Market Value Adjustment			-	(696)	-	-	-	(696)	(4,796)
Total RTCIP Funds			\$ 804,134	\$ 15,041	\$ (535,043)	\$ -	\$ -	\$ 284,132	\$ 229,208

DRAFT

CITY OF LA MESA, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 there was no interest income reported on Schedule A in FY 23.

- 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* expenditure less debt service in the amount of \$566,369. We selected \$297,764 (52.57%) 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 FY 23.
- 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

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, 2024.

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 projects during FY 23 that were inactive.

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

Results: This procedure is not applicable as there were no projects during FY 23 that were inactive.

- 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 received approved staff resolution R-2023-053 for the transfer of funds from MPO ID LAM17 to LAM40.

- 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 2023 apportionment	\$2,160,390
Less: debt service payment	<u>(510,397)</u>
Net estimated apportionment	1,649,993
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>494,998</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(47,630)
Maintenance fund balance	<u>(47,254)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(94,884)</u>
Fund balance under apportionment	<u>\$589,882</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(47,630)	\$ 396,087	\$ 348,457
Maintenance	<u>(47,254)</u>	<u>3,041,609</u>	<u>2,994,355</u>
Totals	<u>\$(94,884)</u>	<u>\$3,437,696</u>	<u>\$3,342,812</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 16.23% 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	\$22,693,556	\$65,485	\$22,759,041
Maintenance	5,005,615	2,899,335	7,904,950
Interest	<u>700</u>	<u>472,876</u>	<u>473,576</u>
Total local street and road revenue	<u>\$27,699,871</u>	<u>\$3,437,696</u>	<u>\$31,137,567</u>
30% of total local street and road revenue			\$9,341,270
Less maintenance expenditures incurred to date			<u>(5,053,061)</u>
Available maintenance funds			<u>\$4,288,209</u>
Cumulative percentage expended for maintenance			<u>16.23%</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, 2022</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance June 30, 2023</u>	<u>Interest Expense</u>
Commercial Paper	<u>\$499,988</u>	<u>\$-</u>	<u>\$(499,988)</u>	<u>\$-</u>	<u>\$10,393</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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$3,493,477
Less MOE base year requirement	<u>(2,023,372)</u>
Excess MOE for the year ended June 30, 2023	<u>\$1,470,105</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 \$69,367. We selected \$47,759 (68.85%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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 payroll expenditures identified during FY 23.

- 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, 2023.

- 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 related to the use of incorrect exaction fees for RTCIP collections. Per discussion with the City, it was noted that they were not able to recoup the \$1,956.32 from developers, and as such, have made a transfer

from the General Fund to absorb the loss. Furthermore, the finding was repeated in FY 23.

16. We proposed current year's 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, 2023. 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

██████████, 2024

CITY OF LA MESA, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2023

(1) Need to Use Approved Exaction Fee

Per review of the City’s exaction fee collections for the year ended June 30, 2023, the City did not consistently collect the required exaction fee amount of \$2,635.50 for FY 22 permit applications. There were three permits issued in FY 22 where the exaction fees collected were based on the FY 21 rate of \$2,583.82 instead of the correct FY 22 amount of \$2,635.50. This resulted in an under-collection of the exaction fees in the amount of \$2,067.20 as follows:

<u>Permit #</u>	<u>Units</u>	<u>Amount Required</u>	<u>Amount Charged</u>	<u>Variance</u>
B22-124	12	\$31,626.00	\$31,005.84	\$ 620.16
B22-125	14	36,897.00	36,173.48	723.52
B22-126	<u>14</u>	<u>36,987.00</u>	<u>36,173.48</u>	<u>723.52</u>
Totals	<u>40</u>	<u>\$7,906.50</u>	<u>\$ 7,751.46</u>	<u>\$2,067.20</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 \$2,067.20. 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, 2023

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

Management Response

The City implemented a new permitting system in 2022. After a 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 system to the new one. The new permitting system has been updated with the correct RTCIP fees. A reminder has been set within the system to verify RTCIP exaction fees are updated annually per SANDAG's approved rate. In addition, City staff will review all exaction fees before the end of the fiscal year to ensure the correct rates have been applied and any necessary corrections will be made. The Finance Department will be working with the Community Development and Engineering Departments to ensure the correct rates are charged and collected.

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, 2022 through June 30, 2023.

"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, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	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	2120TR	Street Reconstruction 12	2,928	-	-	-	(2,928)	-	(a)
LAM34	2202TR	Street Lights/ OH Utilities 20	(4,510)	4,510	-	-	-	-	(b)
LAM34	2212TR	Street Lights/ OH Utilities 21	(42,188)	46,400	-	(4,212)	-	-	(b)
LAM34	2222TR	Street Lights/ OH Utilities 22	(16,678)	50,000	-	(33,320)	(2)	-	(b)
LAM34	2232TR	Street Lights/ OH Utilities 23	-	5,560	-	(5,551)	2	11	
		Total LAM34 Projects	(63,376)	106,470	-	(43,083)	-	11	
LAM37	2213TR	Traffic Signal Upgrades 21	(34,991)	34,991	-	-	-	-	(b)
LAM37	2223TR	Traffic Signal Upgrades 22	(50,865)	79,660	-	(48,149)	-	(19,354)	(c)
LAM37	2233TR	Traffic Signal Upgrades 23	-	37,999	-	(63,800)	-	(25,801)	(c)
		Total LAM37 Projects	(85,856)	152,650	-	(111,949)	-	(45,155)	
LAM39	2204TR	Traffic Calming Program 20	(499)	6,840	-	(6,339)	-	2	
LAM40	2205TR	Street Construction 20	(13,582)	51,100	-	(37,512)	-	6	
LAM40	2215TR	Street Construction 21	(43,066)	99,480	-	(62,359)	2,928	(3,017)	(a)(c)
LAM40	2225TR	Street Construction 22	(160,339)	201,560	-	(41,225)	-	(4)	(d)
LAM40	2235TR	Street Construction 23	-	1,300	-	(1,300)	-	-	
		Total LAM40 Projects	(216,987)	353,440	-	(142,396)	2,928	(3,015)	
LAM44	4210TR	Roadway Drainage Improvements 21	(182,671)	182,690	-	-	-	19	
		Commercial Paper Debt Service	-	510,397	-	(510,397)	-	-	
		Interest Income	508	-	-	-	-	508	
		Total Congestion Relief	\$ (545,953)	\$ 1,312,487	\$ -	\$ (814,164)	\$ -	\$ (47,630)	

(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, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
Maintenance:									
LAM31	General Fund	Street Maintenance	\$ (150,000)	\$ 150,000	\$ -	\$ -	\$ -	\$ -	
LAM33	2211TR	Curb, Gutter, Sidewalk 21	(126,445)	126,445	-	-	-	-	
LAM33	2221TR	Curb, Gutter, Sidewalk 22	(33,313)	128,014	-	(131,689)	-	(36,988)	(c)
LAM33	2231TR	Curb, Gutter, Sidewalk 23	-	95,541	-	(105,999)	-	(10,458)	(c)
Total LAM33 Projects			(159,758)	350,000	-	(237,688)	-	(47,446)	
Interest Income			192	-	-	-	-	192	
Total Maintenance			(309,566)	500,000	-	(237,688)	-	(47,254)	
Total Local Street Improvements			(855,519)	1,819,887	-	(1,059,252)	-	(94,884)	
Senior Mini-Grants:									
LAM27	212001	La Mesa Rides4Neighbors	(46,077)	45,941	-	(2,297)	-	(2,433)	(c)
Total Senior Mini-Grants			(46,077)	45,941	-	(2,297)	-	(2,433)	
Smart Growth Grant									
LAM47	2168OT	North Spring Street	(367,485)	367,473	-	-	-	(12)	(e)
LAM49	220EOT	Complete Streets Design Manual	(15,457)	15,231	-	(15,217)	-	(15,443)	(c)
Total Smart Growth Grant			(382,942)	382,704	-	(15,217)	-	(15,455)	
Total <i>TransNet</i> Extension			\$ (1,284,538)	\$ 2,248,532	\$ -	\$ (1,076,766)	\$ -	\$ (112,772)	

Notes:

- (a) The City obtained Council approval via Resolution 2023-053 issued on 5/9/2023 in the amount of \$2,928 moved from LAM17 to LAM40.
- (b) Project was completed during FY 23.
- (c) This is a reimbursable funding source and expenditures are expected to be in excess of funding while the project is active.
- (d) Ending balance is due to rounding when calculating *TransNet* revenue reimbursement request.
- (e) Project is complete. The City will clear the balance of \$12 by moving the expense to a HUTA transportation account in FY 24.

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
TransNet and TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
LAM46	n/a	Regional Arterial Management Systems	\$ 81,400	\$ -	\$ (81,400)	\$ -
Total Congestion Relief - Pass-Through			<u>81,400</u>	<u>-</u>	<u>(81,400)</u>	<u>-</u>
Congestion Relief:						
LAM17	2120TR	Street Reconstruction 12	250,673	-	(250,673)	-
LAM34	2202TR	Street Lights/ OH Utilities 20	4,510	-	(4,510)	-
LAM34	2212TR	Street Lights/ OH Utilities 21	50,002	-	(50,002)	-
LAM34	2222TR	Street Lights/ OH Utilities 22	49,998	-	(49,998)	-
LAM34	2232TR	Street Lights/ OH Utilities 23	5,562	-	(5,551)	11
Total LAM34 Projects			<u>110,072</u>	<u>-</u>	<u>(110,061)</u>	<u>11</u>
LAM37	2213TR	Traffic Signal Upgrades 21	99,995	-	(99,995)	-
LAM37	2223TR	Traffic Signal Upgrades 22	79,660	-	(99,014)	(19,354)
LAM37	2233TR	Traffic Signal Upgrades 23	37,999	-	(63,800)	(25,801)
Total LAM 37 Projects			<u>217,654</u>	<u>-</u>	<u>(262,809)</u>	<u>(45,155)</u>
LAM39	2204TR	Traffic Calming Program 20	79,887	-	(79,885)	2
LAM40	2205TR	Street Construction 20	268,973	-	(268,967)	6
LAM40	2215TR	Street Construction 21	103,323	-	(106,340)	(3,017)
LAM40	2225TR	Street Construction 22	201,560	-	(201,564)	(4)
LAM40	2235TR	Street Construction 23	1,300	-	(1,300)	-
Total LAM40 Projects			<u>575,156</u>	<u>-</u>	<u>(578,171)</u>	<u>(3,015)</u>
LAM44	4210TR	Roadway Drainage Improvements 21	258,391	-	(258,372)	19
Commercial Paper Debt Service			<u>2,052,561</u>	<u>-</u>	<u>(2,052,561)</u>	<u>-</u>
Interest Income			<u>-</u>	<u>508</u>	<u>-</u>	<u>508</u>
Total Congestion Relief			<u>3,544,394</u>	<u>508</u>	<u>(3,592,532)</u>	<u>(47,630)</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, 2023

<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, 2023</u>
Maintenance:						
LAM31	General Fund	Street Maintenance	\$ 1,658,281	\$ -	\$ (1,658,281)	\$ -
LAM33	2211TR	Curb, Gutter, Sidewalk 21	126,445	-	(126,445)	-
LAM33	2221TR	Curb, Gutter, Sidewalk 22	128,014	-	(165,002)	(36,988)
LAM33	2231TR	Curb, Gutter, Sidewalk 23	95,541	-	(105,999)	(10,458)
		Total LAM33 Projects	<u>350,000</u>	<u>-</u>	<u>(397,446)</u>	<u>(47,446)</u>
		Interest Income	<u>-</u>	<u>192</u>	<u>-</u>	<u>192</u>
		Total Maintenance	<u>2,008,281</u>	<u>192</u>	<u>(2,055,727)</u>	<u>(47,254)</u>
		Total Local Street Improvements	<u>\$ 5,634,075</u>	<u>\$ 700</u>	<u>\$ (5,729,659)</u>	<u>\$ (94,884)</u>
Senior Mini-Grants:						
LAM27	212001	La Mesa Rides4Neighbors	\$ 1,464,063	\$ -	\$ (1,466,496)	\$ (2,433)
		Total Senior Mini-Grants	<u>1,464,063</u>	<u>-</u>	<u>(1,466,496)</u>	<u>(2,433)</u>
Smart Growth Grant						
LAM47	302168OT	North Spring Street	992,502	-	(992,514)	(12)
LAM49	30220EOT	Complete Streets Design Manual	154,345	-	(169,788)	(15,443)
		Total Smart Growth	<u>1,146,847</u>	<u>-</u>	<u>(1,162,302)</u>	<u>(15,455)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>\$ 8,244,985</u>	<u>\$ 700</u>	<u>\$ (8,358,457)</u>	<u>\$ (112,772)</u>
Completed Projects:						
		Local Street Improvements				
		Congestion Relief	\$ 19,067,762	\$ -	\$ (19,067,762)	\$ -
		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	<u>24,514,096</u>	<u>-</u>	<u>(24,514,096)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 32,759,081</u>	<u>\$ 700</u>	<u>\$ (32,872,553)</u>	<u>\$ (112,772)</u>

SCHEDULE C

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPOID	Cumulative					Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2023	June 30, 2023	June 30, 2022	
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	-	(572,799)	-	-	-	32,801	
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	-	(34,033)	1,956	-	153,028	185,105	(a)
For Fiscal Year ended June 30, 2023	June 30, 2030		210,881	-	-	-	-	210,881	-	
Interest Income			-	43,881	-	-	-	43,881	43,813	
Subtotal RTCIP Funds			1,969,527	43,881	(1,607,574)	1,956	-	407,790	264,252	
GASB 31 Market Value Adjustment			-	(27,368)	-	27,368	-	-	(27,368)	(b)
Total RTCIP Funds			\$ 1,969,527	\$ 16,513	\$ (1,607,574)	\$ 29,324	\$ -	\$ 407,790	\$ 236,884	

Notes:

- (a) Adjustment is for City absorbing undercollected exactions from FY 22. City has transferred funds from the general fund to cover the costs.
- (b) Adjustment is to zero out the GASB 31 Market Value Adjustment line, as it will not be used in FY 24 onward.

CITY OF LEMON GROVE, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 \$802,989. We selected \$303,797 (37.83%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2023. The City implemented a formal cost allocation plan that was adopted by City Council in FY 2019. The cost allocation plan charges a percentage of payroll and positions charged to the *TransNet* fund. In FY23, salaries and benefits charged to the *TransNet* fund were \$33,210. 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 FY23, total expenditures charged to *TransNet* for Rick Engineering were \$66,635. In total, the City allocated \$115,677 of indirect costs to the *TransNet* program, which represents 14.41% of total *TransNet* expenditures made during FY23. The City reduced overhead costs by 2.65% as compared to the prior year. The City also had pay equity adjustments, COLA increases, and contract cost increases, being the contributing factors to indirect costs exceeding 10%. 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 "Adjustments" column.

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2024.

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 FY23.

- 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 FY23.

- 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 FY23.

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.

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 2023 apportionment	\$968,858
Less: debt service payment	_____ -
Net estimated apportionment	968,858
30% base	_____ 30%
Fiscal year 2023 30% threshold	_____ 290,657
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	10,681
Maintenance fund balance	_____ (6,066)
Total Local Streets and Roads and Local Street Improvement fund balance	_____ 4,615
Fund balance under apportionment	_____ \$286,042

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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$10,681	\$ 808,090	\$ 818,771
Maintenance	<u>(6,066)</u>	<u>466,637</u>	<u>460,571</u>
Totals	<u>\$ 4,615</u>	<u>\$1,274,727</u>	<u>\$1,279,342</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 25.70% of cumulative local street and road revenue for maintenance as indicated as follows:

	Lemon Grove	SANDAG	Total
Congestion relief	\$6,993,008	\$ 667,339	\$7,660,347
Maintenance	2,857,123	406,592	3,263,715
Interest	<u>16,513</u>	<u>200,796</u>	<u>217,309</u>
Total local street and road revenue	<u>\$9,866,644</u>	<u>\$1,274,727</u>	<u>\$11,141,371</u>
30% of total local street and road revenue			\$ 3,342,411
Less maintenance expenditures incurred to date			<u>(2,863,557)</u>
Available maintenance funds			\$ <u>478,854</u>
Cumulative percentage expended for maintenance			<u>25.70%</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: This procedure is not applicable as there is no long term debt outstanding as of June 30, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$ 973,148
Less MOE base year requirement	<u>(203,027)</u>
Excess MOE for the year ended June 30, 2023	<u>\$ 770,121</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, 2023.

vi. If unallowable expenditures were identified in procedure 13.c.v, 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, 2023.

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 exceeding 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 November 10, 2023.

- 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 FY22 relating to not consistently collecting the required exaction fee amount. As of June 30, 2023, the City was able to collect the \$4,650.19 from a General Fund transfer.

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, 2023.

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, 2023. 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

_____, 2024

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	\$ 16,931	\$ -	\$ -	\$ -	\$ -	\$ 16,931	
LG20	7300	Street Improvements - Congestion Relief	(84,191)	593,006	-	(515,129)	-	(6,314)	(a)
		Interest Income	-	-	64	-	-	64	
		Total Congestion Relief	(67,260)	593,006	64	(515,129)	-	10,681	
Maintenance:									
LG14	7310	Traffic Improvements - Preventive Maintenance	(16,045)	145,844	-	(129,515)	-	284	
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	(3,261)	58,440	-	(62,688)	-	(7,509)	(a)
LG17	7150	Street Improvements - Preventive Maintenance	(3,912)	26,465	-	(21,422)	-	1,131	
		Interest Income	-	-	28	-	-	28	
		Total Maintenance	(23,218)	230,749	28	(213,625)	-	(6,066)	
		Total Local Street Improvements	(90,478)	823,755	92	(728,754)	-	4,615	
Smart Growth Grant:									
LG26	7340	Connect Main St	(80,223)	62,417	-	(74,235)	-	(92,041)	(a)
		Total Smart Growth Grant	(80,223)	62,417	-	(74,235)	-	(92,041)	
		Total TransNet Extension	\$ (170,701)	\$ 886,172	\$ 92	\$ (802,989)	\$ -	\$ (87,426)	

Notes:

(a) City will request additional funds in FY24.

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
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	4,308,014	646	(4,314,974)	(6,314)
		Interest Income	-	64	-	64
		Total Congestion Relief	5,404,588	3,641	(5,397,548)	10,681
Maintenance:						
LG14	7310	Traffic Improvements - Preventive Maintenance	1,437,777	124	(1,437,617)	284
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	662,207	124	(669,840)	(7,509)
LG17	7150	Street Improvements - Preventive Maintenance	757,139	92	(756,100)	1,131
		Interest Income	-	28	-	28
		Total Maintenance	2,857,123	368	(2,863,557)	(6,066)
		Total Local Street Improvements	8,261,711	4,009	(8,261,105)	4,615
Smart Growth Grant:						
LG26	7340	Connect Main St	354,592	-	(446,633)	(92,041)
		Total Smart Growth Grant	354,592	-	(446,633)	(92,041)
		Subtotal Cumulative TransNet Extension	8,616,303	4,009	(8,707,738)	(87,426)
Completed Projects:						
		Congestion Relief	1,588,420	12,504	(1,600,924)	-
		Smart Growth Grant	3,275,001	-	(3,275,001)	-
		Total Completed Projects	4,863,421	12,504	(4,875,925)	-
		Total Cumulative TransNet Extension	\$ 13,479,724	\$ 16,513	\$ (13,583,663)	\$ (87,426)

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2023	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
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		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		311,993	-	-	-	311,993	256,264	
For Fiscal Year ended June 30, 2023	June 30, 2030		144,437	-	-	-	144,437	-	
Interest Income			-	7,737	-	-	-	7,737	
Total RTCIP Funds			\$ 959,816	\$ 21,038	\$ (441,089)	\$ -	\$ -	\$ 539,765	\$ 333,606

DRAFT

CITY OF NATIONAL CITY, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 \$3,879,583. We selected \$1,447,417 (37.31%) 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 FY 23.

- 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as the City did not allocate indirect costs to *TransNet* projects in FY 23.

- 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 projects completed in FY 23.

- 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, 2024.

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 have been inactive over the past two years. The City indicated that for both NC34 and NC35, "The Engineering Department will conduct a review of these projects and their statuses in FY 24, and will either continue the projects or request a final reimbursement" The status of these projects have 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 February 4, 2024.

- 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 non-*TransNet* activity included within Schedule A in FY 23.

- 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: This procedure is not applicable as the City did not have any completed projects on Schedule A in FY 22.

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 2023 apportionment	\$2,010,366
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,010,366
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>603,110</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(838,387)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(838,387)</u>
Fund balance under apportionment	<u>\$1,441,497</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(838,387)	\$(2,949,576)	\$(3,787,963)
Maintenance	<u>-</u>	<u>6,702,798</u>	<u>6,702,798</u>
Totals	<u>\$(838,387)</u>	<u>\$ 3,753,222</u>	<u>\$ 2,914,835</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 indicated as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$22,200,332	\$(3,413,307)	\$18,787,025
Maintenance	-	6,529,498	6,529,498
Interest	<u>53,807</u>	<u>637,031</u>	<u>690,838</u>
 Total local street and road revenue	 <u>\$22,254,139</u>	 <u>\$3,753,222</u>	 <u>\$26,007,361</u>
 30% of total local street and road revenue			 \$7,802,208
Less maintenance expenditures incurred to date			<u>-</u>
 Available maintenance funds			 <u>\$7,802,208</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 is no long-term debt outstanding as of June 30, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$3,128,715
Less MOE base year requirement	<u>(2,029,966)</u>
Excess MOE for the year ended June 30, 2023	<u>\$1,098,749</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 \$52,348. We selected \$20,100 (38.40%) for testing. No exceptions noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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 incur payroll expenditures for RTCIP projects in FY 23.

- 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, 2023.

- 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, 2023.

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, 2023. 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

, 2024

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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, 2022 through June 30, 2023.

"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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	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	913,545	-	1,283	(1,652,632)	-	(737,804)	(a)
NC04	6558	Traffic Signal Install/Upgrade	113,825	-	160	(23,663)	-	90,322	
NC15	6166	Citywide Safe Routes to School	346,303	-	487	(537,695)	-	(190,905)	(a)
		Total Congestion Relief	1,373,673	-	1,930	(2,213,990)	-	(838,387)	
		Total Local Street Improvements	1,373,673	8,000	1,930	(2,221,990)	-	(838,387)	
Smart Growth:									
NC29	6604	24th Street TOD Overlay	(56,184)	-	-	-	-	(56,184)	(b)
NC36	6605	Roosevelt Ave Corridor	(392,205)	381,353	-	-	-	(10,852)	(b)
NC37	6606	Sweetwater Rd Protected Bikeway	(120,469)	909,497	-	(1,115,878)	-	(326,850)	(b)
NC43	478	Together We Plan National City	-	171,396	-	(294,477)	-	(123,081)	(c)
		Total Smart Growth	(568,858)	1,462,246	-	(1,410,355)	-	(516,967)	
Active Transportation Grant - Bike and Pedestrian:									
NC34	6603	Waterfront To Homefront Connectivity	(12,447)	-	-	-	-	(12,447)	(d)
NC35	6602	National City Bike Parking Enhancements	(1,801)	-	-	-	-	(1,801)	(d)
NC38	1925	National City Bike Wayfinding	-	-	-	(54,811)	(14,839)	(69,650)	(b)(e)
NC39	6588	Central Community Mobility Enhancements	-	-	-	(100,398)	-	(100,398)	(b)
NC40	6610	Bayshore Bikeway - Segment 5	-	-	-	(38,624)	-	(38,624)	(b)
NC42	6608	Highland Ave Inter-City Bike Connection	-	-	-	(53,405)	-	(53,405)	(b)
		Total Bike and Pedestrian	(14,248)	-	-	(247,238)	(14,839)	(276,325)	
		Total <i>TransNet</i> Extension	\$ 790,567	\$ 1,470,246	\$ 1,930	\$ (3,879,583)	\$ (14,839)	\$ (1,631,679)	

(Continued)

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status</u> <u>July 1, 2022</u>	<u>Funds</u> <u>Received</u>	<u>Interest</u> <u>Income</u>	<u>Project</u> <u>Expenditures</u>	<u>City</u> <u>Adjustments</u>	<u>Project Status</u> <u>June 30, 2023</u>	<u>Notes</u>
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Notes:

- (a) The City will request a drawdown to remove the deficit in FY 24.
- (b) Engineering Department will conduct a review of this project and will request a reimbursement in FY 24.
- (c) Housing Department will request a reimbursement for the balance in FY 24.
- (d) This project has been inactive over the past two years. The Engineering Department will assess the need for future work to complete the project, or will request final reimbursement in FY 24.
- (e) Adjustment made to include eligible FY 22 expenditures not reported in FY 22.

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SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
NC04	6558	Regional Arterial Management Systems	\$ 88,000	\$ -	\$ (88,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>88,000</u>	<u>-</u>	<u>(88,000)</u>	<u>-</u>
Congestion Relief:						
NC03	6035	Street Resurfacing Project	11,913,110	7,183	(12,658,097)	(737,804)
NC04	6558	Traffic Signal Install/Upgrade	2,326,233	22,118	(2,258,029)	90,322
NC15	6166	Citywide Safe Routes to School Tax	<u>3,101,700</u>	<u>13,415</u>	<u>(3,306,020)</u>	<u>(190,905)</u>
		Total Congestion Relief	<u>17,341,043</u>	<u>42,716</u>	<u>(18,222,146)</u>	<u>(838,387)</u>
		Total Local Street Improvements	<u>17,429,043</u>	<u>42,716</u>	<u>(18,310,146)</u>	<u>(838,387)</u>
Smart Growth:						
NC29	6604	24th Street TOD Overlay	446,426	-	(502,610)	(56,184)
NC36	6605	Roosevelt Ave Corridor	2,052,955	-	(2,063,807)	(10,852)
NC37	6606	Sweetwater Rd Protected Bikeway	1,182,067	-	(1,508,917)	(326,850)
NC43	478	Together We Plan National City	<u>171,396</u>	<u>-</u>	<u>(294,477)</u>	<u>(123,081)</u>
		Total Smart Growth	<u>3,852,844</u>	<u>-</u>	<u>(4,369,811)</u>	<u>(516,967)</u>
Active Transportation Grant - Bike and Pedestrian:						
NC34	6603	Waterfront To Homefront Connectivity	185,554	-	(198,001)	(12,447)
NC35	6604	National City Bike Parking Enhancements	46,072	-	(47,873)	(1,801)
NC38	1925	National City Bike Wayfinding	-	-	(69,650)	(69,650)
NC39	6588	Central Community Mobility Enhancements	-	-	(100,398)	(100,398)
NC40	6610	Bayshore Bikeway - Segment 5	-	-	(38,624)	(38,624)
NC42	6608	Highland Ave Inter-City Bike Connection	<u>-</u>	<u>-</u>	<u>(53,405)</u>	<u>(53,405)</u>
		Total Bike and Pedestrian	<u>231,626</u>	<u>-</u>	<u>(507,951)</u>	<u>(276,325)</u>

(Continued)

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Completed Projects:				
		Congestion Relief	\$ 4,771,289	\$ 11,091	\$ (4,782,380)	\$ -
		Smart Growth	7,145,000	-	(7,145,000)	-
		Bikes and Pedestrian	1,806,861	-	(1,806,861)	-
		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>\$ 35,236,663</u>	<u>\$ 53,807</u>	<u>\$ (36,922,149)</u>	<u>\$ (1,631,679)</u>

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SCHEDULE C

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
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	28,143	-	(28,143)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	NC01	494,561	-	(166,903)	-	327,658	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	220,926	
For Fiscal Year ended June 30, 2023	June 30, 2030		260,790	-	-	-	260,790	-	
Interest Income			-	89,800	-	-	89,800	59,809	
Subtotal RTCIP Funds			2,358,108	89,800	(208,906)	-	2,239,002	2,000,568	
GASB 31 Market Value Adjustment			-	29,066	-	-	29,066	(7,021)	
Total RTCIP Funds			\$ 2,358,108	\$ 118,866	\$ (208,906)	\$ -	\$ 2,268,068	\$ 1,993,547	

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CITY OF OCEANSIDE, CALIFORNIA

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

Year Ended June 30, 2023

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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 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, 2023. 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, 2023. 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 \$1,840,903. We selected \$494,558 (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: 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2023. The City's indirect cost plan was last approved during FY 2010 by Development Services Director and Financial Services Director. 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 \$100,261 of indirect costs in the RTIP, resulting in 5.45% 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: This procedure is not applicable as there were no adjustments made by the City in FY23.

- 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, 2024.

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 five projects that have been inactive over the past two years. The City indicated that "O17 is scheduled to resume in FY 24 and has been updated in ProjectTrak to reflect the revised timeframe. Regulatory (CORP and FWS) permits will require almost 2 years to obtain." Additionally, "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." Moreover, "O40 is complete. The City is coordinating with the California Public Utilities Commission, Caltrans, and the Federal Rail Authority to close out the remaining balance. Further, "O41 is complete. A draw down request to cover this negative balance will be processed for SANDAG's review and approval." Finally, "O47 is complete. Funds will be transferred to an Eligible MPO ID or returned to SANDAG in FY24." The status of the projects have 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 5, 2024.

- 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: This procedure is not applicable as there were no adjustments made by the City in FY23.

- 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 2023 apportionment	\$6,426,459
Less: debt service payment	<u> -</u>
Net estimated apportionment	6,426,459
30% base	<u> 30%</u>
Fiscal year 2023 30% threshold	<u>1,927,938</u>
Less:	
Local Streets and Roads fund balance	(343,422)
Local Street Improvement:	
Congestion Relief fund balance	(1,217,951)
Maintenance fund balance	<u> 13,801</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,547,572)</u>
Fund balance under apportionment	<u>\$ 3,475,510</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	<u>Funds Held by City</u>	<u>Funds Held by SANDAG</u>	<u>Total</u>
Congestion Relief	\$(1,217,951)	\$ 4,906,186	\$ 3,688,235
Maintenance	<u>13,801</u>	<u>7,815,496</u>	<u>7,829,297</u>
Totals	<u>\$(1,204,150)</u>	<u>\$12,721,682</u>	<u>\$11,517,532</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 18.15% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$54,996,646	\$4,064,472	\$59,061,118
Maintenance	15,002,013	7,443,407	22,445,420
Interest	<u>243,244</u>	<u>1,213,803</u>	<u>1,457,047</u>
Total local street and road revenue	<u>\$70,241,903</u>	<u>\$12,721,682</u>	<u>\$82,963,585</u>
30% of total local street and road revenue			\$24,889,076
Less maintenance expenditures incurred to date			<u>(15,061,339)</u>
Available maintenance funds			<u>\$9,827,737</u>
Cumulative percentage expended for maintenance			<u>18.15%</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 is no long-term debt outstanding as of June 30, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$5,208,936
Less MOE base year requirement	<u>(3,120,588)</u>
Excess MOE for the year ended June 30, 2023	<u>\$2,088,348</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 \$262,523. We selected \$88,591 (33.75%) for testing. No exceptions were noted as a result of our procedures.
- vi. If unallowable expenditures were identified in procedure 13.c.v, 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: This procedure is not applicable as the City did not incur payroll expenditures related to RTCIP projects in FY23.
- 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 25, 2023.

- 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, 2023.

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, 2023. 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

_____, 2024

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
TransNet:									
Local Streets and Roads:									
O14	914560800212	Douglas Dr. Bridge Seismic Retro	\$ 69,182	\$ -	\$ -	\$ (266,909)	\$ -	\$ (197,727)	(a)
O14	914560900212	No Coast Hwy Bridge Seismic Retro	<u>201,258</u>	<u>-</u>	<u>-</u>	<u>(346,953)</u>	<u>-</u>	<u>(145,695)</u>	(a)
		Total Local Streets and Roads	<u>270,440</u>	<u>-</u>	<u>-</u>	<u>(613,862)</u>	<u>-</u>	<u>(343,422)</u>	
		Total <i>TransNet</i>	<u>270,440</u>	<u>-</u>	<u>-</u>	<u>(613,862)</u>	<u>-</u>	<u>(343,422)</u>	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
O35	N/A	Regional Arterial Management Systems	<u>-</u>	<u>11,200</u>	<u>-</u>	<u>(11,200)</u>	<u>-</u>	<u>-</u>	
		Total Congestion Relief - Pass-Through	<u>-</u>	<u>11,200</u>	<u>-</u>	<u>(11,200)</u>	<u>-</u>	<u>-</u>	
Congestion Relief:									
O17	905120100212	Loma Alta Creek Detention Basins	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(b)
O24	902754200212	Street Restoration	<u>(1,695,793)</u>	<u>1,695,793</u>	<u>-</u>	<u>(167,545)</u>	<u>-</u>	<u>(167,545)</u>	(c)
O25	902146516212	Downtown Fiber-Optic	<u>(23,048)</u>	<u>-</u>	<u>-</u>	<u>(146,965)</u>	<u>-</u>	<u>(170,013)</u>	(c)
O33	902131200212	Coast Hwy Corridor Study/EIR	124,277	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	124,277	(d)
O33	902162120212	Coast Hwy Corridor Design	<u>(46,285)</u>	<u>46,285</u>	<u>-</u>	<u>(412,441)</u>	<u>-</u>	<u>(412,441)</u>	(c)
		Total O33 Projects	<u>77,992</u>	<u>46,285</u>	<u>-</u>	<u>(412,441)</u>	<u>-</u>	<u>(288,164)</u>	
		Subtotal Congestion Relief	<u>(1,640,849)</u>	<u>1,742,078</u>	<u>-</u>	<u>(726,951)</u>	<u>-</u>	<u>(625,722)</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, 2023

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2022</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2023</u>	<u>Notes</u>
		Congestion Relief - balance carried forward	<u>\$ (1,640,849)</u>	<u>\$ 1,742,078</u>	<u>\$ -</u>	<u>\$ (726,951)</u>	<u>\$ -</u>	<u>\$ (625,722)</u>	
O37	425449212	Bicycle Master Plan Coordinator	-	-	-	(45,724)	-	(45,724)	(c)
O37	902135600212	Bicycle Master Plan/Bike Sfty	(110,297)	110,297	-	(95,812)	-	(95,812)	(c)
O37	902165720212	Loma Alta Bike Trail	(532)	532	-	-	-	-	(e)
		Total O37 Projects	<u>(110,829)</u>	<u>110,829</u>	<u>-</u>	<u>(141,536)</u>	<u>-</u>	<u>(141,536)</u>	
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	(278,272)	278,272	-	(262,659)	-	(262,659)	(c)
O38	902135500212	Neighborhood Traffic Sfty Impr	(236,461)	236,461	-	(482)	-	(482)	(c)
O38	902165620212	El Corazon N Roundabout	(21,391)	21,391	-	-	-	-	(e)
		Total O38 Projects	<u>(536,124)</u>	<u>536,124</u>	<u>-</u>	<u>(263,141)</u>	<u>-</u>	<u>(263,141)</u>	
O40	902135400212	Mainline R/R Xing Sfty	(104,174)	-	-	-	-	(104,174)	(f)
O41	907118100212	Lot 23 Transit Parking Strctr	(265,986)	-	-	-	-	(265,986)	(g)
O45	902147216212	Douglas Dr Median HSIP-City	(191,855)	170,596	-	-	-	(21,259)	(g)
O46	902162320212	Coastal Rail Trail Design	(20,983)	20,983	-	-	-	-	
O46	904146616212	Coastal Rail Trail Oblvd Morse	(21,724)	21,724	-	-	-	-	
		Total O46 Projects	<u>(42,707)</u>	<u>42,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Subtotal Congestion Relief	<u>(2,892,524)</u>	<u>2,602,334</u>	<u>-</u>	<u>(1,131,628)</u>	<u>-</u>	<u>(1,421,818)</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, 2023

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2022</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2023</u>	<u>Notes</u>
		Congestion Relief balance carried forward	<u>\$ (2,892,524)</u>	<u>\$ 2,602,334</u>	<u>\$ -</u>	<u>\$ (1,131,628)</u>	<u>\$ -</u>	<u>\$ (1,421,818)</u>	
O47	907146416212	Pier Restoration	<u>33,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,750</u>	(h)
		Interest income	<u>150,645</u>	<u>-</u>	<u>19,472</u>	<u>-</u>	<u>-</u>	<u>170,117</u>	
		Total Congestion Relief	<u>(2,708,129)</u>	<u>2,602,334</u>	<u>19,472</u>	<u>(1,131,628)</u>	<u>-</u>	<u>(1,217,951)</u>	
		Maintenance:							
O18	425411212	Misc Traffic Markings	<u>(100,579)</u>	<u>100,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
O18	425418212	Neighborhood Traffic Improvement	<u>(181,260)</u>	<u>181,260</u>	<u>-</u>	<u>(59,106)</u>	<u>-</u>	<u>(59,106)</u>	(c)
O18	425426212	Misc Street Projects	<u>(42,251)</u>	<u>42,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total O18 Projects	<u>(324,090)</u>	<u>324,090</u>	<u>-</u>	<u>(59,106)</u>	<u>-</u>	<u>(59,106)</u>	
		Interest Income	<u>64,562</u>	<u>-</u>	<u>8,345</u>	<u>-</u>	<u>-</u>	<u>72,907</u>	
		Total Maintenance	<u>(259,528)</u>	<u>324,090</u>	<u>8,345</u>	<u>(59,106)</u>	<u>-</u>	<u>13,801</u>	
		Total Local Street Improvements	<u>(2,967,657)</u>	<u>2,937,624</u>	<u>27,817</u>	<u>(1,201,934)</u>	<u>-</u>	<u>(1,204,150)</u>	
		Bike and Pedestrian:							
O47	902157419212	Pier VWay Bridge Replacement PDR	<u>(37,311)</u>	<u>37,311</u>	<u>-</u>	<u>(24,337)</u>	<u>-</u>	<u>(24,337)</u>	(i)
		Total Bike and Pedestrian	<u>(37,311)</u>	<u>37,311</u>	<u>-</u>	<u>(24,337)</u>	<u>-</u>	<u>(24,337)</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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
		Smart Growth:							
O49	836164419272	Coastal Rail Trail Extension	\$ -	\$ -	\$ -	\$ (770)	\$ -	\$ (770)	(j)
		Total Smart Growth	-	-	-	(770)	-	(770)	
		Total <i>TransNet</i> Extension	(3,004,968)	2,974,935	27,817	(1,227,041)	-	(1,229,257)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	(2,734,528)	2,974,935	27,817	(1,840,903)	-	(1,572,679)	
		GASB 31 Market Value Adjustment	(44,274)	-	1,824	-	-	(42,450)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (2,778,802)	\$ 2,974,935	\$ 29,641	\$ (1,840,903)	\$ -	\$ (1,615,129)	

Notes:

- (a) This project is a multi-year project that requires coordination with Caltrans and concurrence from the California Transportation Commission (CTC) and is a regionally significant project. Design efforts are continuing. This money is and will be spent over the next five years.
- (b) This project is scheduled to resume 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.
- (c) This negative balance is a result of contract work completed and paid for in advance with local funds. A draw down to reconcile this negative balance will be processed for submittal to SANDAG for reimbursement in FY24.
- (d) 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.
- (e) This is an on-going project. Funds will be spent on in FY 24.
- (f) Work is complete. Staff is coordinating with the California Public Utilities Commission (CPUC), Caltrans and the Federal Rail Authority (FRA) to close out the project. A draw down to reconcile this negative balance will be processed for SANDAG's review and approval.
- (g) Project is completed. A draw down request to cover this negative balance will be processed for SANDAG's review and approval.
- (h) Project is completed. Funds will be transferred to an Eligible MPO ID or returned to SANDAG in FY 24.
- (i) Grant Funding will be requested for reimbursement in FY 24.
- (j) Grant Project is completed. Grant Funding will be requested for reimbursement in FY24 to resolve the negative balance.

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

<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, 2023</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
O35	N/A	Regional Arterial Management Systems	\$ 123,200	\$ -	\$ (123,200)	\$ -
		Total Congestion Relief - Pass-Through	<u>123,200</u>	<u>-</u>	<u>(123,200)</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>26,109,814</u>	<u>-</u>	<u>(26,277,359)</u>	<u>(167,545)</u>
O25	902146516212	Downtown Fiber-Optic	<u>146,900</u>	<u>-</u>	<u>(316,913)</u>	<u>(170,013)</u>
O33	902131200212	Coast Hwy Corridor Study/EIR	1,159,218	-	(1,034,941)	124,277
O33	902162120212	Coast Hwy Corridor Design	<u>46,285</u>	<u>-</u>	<u>(458,726)</u>	<u>(412,441)</u>
		Total O33 Projects	<u>1,205,503</u>	<u>-</u>	<u>(1,493,667)</u>	<u>(288,164)</u>
O37	425449212	Bicycle Master Plan Coordinator	-	-	(45,724)	(45,724)
O37	902135600212	Bicycle Master Plan/Bike Sfty	393,362	-	(489,174)	(95,812)
O37	902165720212	Loma Alta Bike Trail	<u>532</u>	<u>-</u>	<u>(532)</u>	<u>-</u>
		Total O37 Projects	<u>393,894</u>	<u>-</u>	<u>(535,430)</u>	<u>(141,536)</u>
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	1,000,772	-	(1,263,431)	(262,659)
O38	902135500212	Neighborhood Traffic Sfty Impr	483,090	-	(483,572)	(482)
O38	902165620212	El Corazon N Roundabout	<u>21,391</u>	<u>-</u>	<u>(21,391)</u>	<u>-</u>
		Total O38 Projects	<u>1,505,253</u>	<u>-</u>	<u>(1,768,394)</u>	<u>(263,141)</u>
		Subtotal Congestion Relief	<u>31,755,600</u>	<u>-</u>	<u>(32,785,999)</u>	<u>(1,030,399)</u>

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Congestion Relief balance carried forward	\$ 31,755,600	\$ -	\$ (32,785,999)	\$ (1,030,399)
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	289,810	-	(311,069)	(21,259)
O46	902162320212	Coastal Rail Trail Design	20,983	-	(20,983)	-
O46	904146616212	Coastal Rail Trail Oblvd Morse	136,724	-	(136,724)	-
		Total O46 Projects	157,707	-	(157,707)	-
O47	907146416212	Pier Restoration	500,000	-	(466,250)	33,750
		Interest Income	-	170,117	-	170,117
		Total Congestion Relief	41,560,110	170,117	(42,948,178)	(1,217,951)
		Maintenance:				
O18	425411212	Misc Traffic Markings	475,249	-	(475,249)	-
O18	425418212	Neighborhood Traffic Improvement	1,001,450	-	(1,060,556)	(59,106)
O18	425426212	Misc Street Projects	8,236,868	-	(8,236,868)	-
		Total O18 Projects	9,713,567	-	(9,772,673)	(59,106)
		Interest Income	-	72,907	-	72,907
		Total Maintenance	9,713,567	72,907	(9,772,673)	13,801
		Total Local Street Improvements	51,396,877	243,024	(52,844,051)	(1,204,150)

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

<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, 2023</u>
		Bike and Pedestrian:				
O47	902157419212	Pier VWay Bridge Replacement PDR	\$ 37,311	\$ -	\$ (61,648)	\$ (24,337)
		Total Bike and Pedestrian	<u>37,311</u>	<u>-</u>	<u>(61,648)</u>	<u>(24,337)</u>
		Smart Growth:				
O49	836164419272	Coastal Rail Trail Extension	\$ 339,517	\$ -	\$ (340,287)	\$ (770)
		Total Smart Growth	<u>339,517</u>	<u>-</u>	<u>(340,287)</u>	<u>(770)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>51,773,705</u>	<u>243,024</u>	<u>(53,245,986)</u>	<u>(1,229,257)</u>
		Completed Projects:				
		LSI - Congestion Relief	13,313,336	-	(13,313,336)	-
		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>21,357,607</u>	<u>233</u>	<u>(21,357,840)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	\$ <u>73,131,312</u>	\$ <u>243,257</u>	\$ <u>(74,603,826)</u>	\$ <u>(1,229,257)</u>

SCHEDULE C

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2023	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
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)	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026	O22	623,484	-	(309,310)	-	314,174	576,697	
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	1,153,320	
For Fiscal Year ended June 30, 2023	June 30, 2030		1,097,718	-	-	-	1,097,718	-	
Interest Income			-	37,994	-	-	-	22,749	
Total RTCIP Funds			\$ 5,902,052	\$ 46,948	\$ (2,438,172)	\$ -	\$ -	\$ 3,510,828	\$ 2,660,388

DRAFT

CITY OF POWAY, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 \$2,545,337. We selected \$2,300,948 (90.40%) 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 there were no payroll expenditures identified during FY23.

- 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated during FY23.

- 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 in FY23.

- 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, 2024.

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 which had no activity over the past two years: POW 37. The City indicated that this project had been completed, and that the excess funding received will be transferred to other eligible projects in FY 2024.

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

Results: SANDAG approved the reason for the inactivity on November 14, 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 included within Schedule A in FY23.

- 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 the City had no adjustments included within Schedule A in FY23.

- 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 2023 apportionment	\$2,074,301
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,074,301
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>622,290</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(880,080)
Maintenance fund balance	<u>(153,940)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,034,020)</u>
Fund balance under apportionment	<u>\$1,656,310</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (880,080)	\$2,896,010	\$2,015,930
Maintenance	<u>(153,940)</u>	<u>754,877</u>	<u>600,937</u>
Totals	<u>\$(1,034,020)</u>	<u>\$3,650,887</u>	<u>\$2,616,867</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 27.31% of cumulative local street and road revenue for maintenance as follows:

	<u>Poway</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$13,561,273	\$2,740,423	\$16,301,696
Maintenance	6,262,409	691,535	6,953,944
Interest	<u>40,536</u>	<u>218,929</u>	<u>259,465</u>
Total local street and road revenue	<u>\$19,864,218</u>	<u>\$3,650,887</u>	<u>\$23,515,105</u>
30% of total local street and road revenue			\$7,054,532
Less maintenance expenditures incurred to date			<u>(6,420,993)</u>
Available maintenance funds			<u>\$ 633,539</u>
Cumulative percentage expended for maintenance			<u>27.31%</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 is no long-term debt outstanding as of June 30, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$1,786,700
Less MOE base year requirement	<u>(1,327,553)</u>
Excess MOE for the year ended June 30, 2023	<u>\$ 459,147</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 \$401,260. We tested \$258,203 (64.35%) for testing. No exceptions noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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, 2023.

- 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 29, 2023.

- 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, 2023.

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, 2023. 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

, 2024

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, 2022 through June 30, 2023.

"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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
POW 29	N/A	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	126,889	-	-	-	-	126,889	(a)
POW 38	ST019/ST023	Annual Reconstruction and Overlay Project	26,947	982,578	32	(1,959,431)	-	(949,874)	(b)
POW 48	STR0001	Espola Road Safety Improvement	-	-	-	(57,095)	-	(57,095)	(b)
		Total Congestion Relief	153,836	982,578	32	(2,016,526)	-	(880,080)	
Maintenance:									
POW 30	ST022	Street Maintenance Project	(153,940)	521,511	-	(521,511)	-	(153,940)	(b)
		Total Maintenance	(153,940)	521,511	-	(521,511)	-	(153,940)	
		Total Local Street Improvement	(104)	1,511,389	32	(2,545,337)	-	(1,034,020)	
		Total <i>TransNet</i> Extension	\$ (104)	\$ 1,511,389	\$ 32	\$ (2,545,337)	\$ -	\$ (1,034,020)	

Notes:

- (a) Project Complete. The City will move remaining funding to an eligible project in FY24.
- (b) Funding will be requested in FY24 to remove the deficit.

SCHEDULE B

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
POW 29	N/A	Regional Arterial Management Systems	\$ 80,300	\$ -	\$ (80,300)	\$ -
		Total Congestion Relief Pass-Through	80,300	-	(80,300)	-
Congestion Relief:						
POW 37	STR0009	Espola Road Bicycle and Pedestrian Widening	123,744	3,145	-	126,889
POW 38	ST019/ST023	Annual Reconstruction and Overlay Project	3,493,136	12,865	(4,455,875)	(949,874)
POW 48	STR0001	Espola Road Safety Improvement	-	-	(57,095)	(57,095)
		Total Congestion Relief	3,616,880	16,010	(4,512,970)	(880,080)
Maintenance:						
POW 30	ST022	Street Maintenance Project	1,941,709	-	(2,095,649)	(153,940)
		Total Maintenance	1,941,709	-	(2,095,649)	(153,940)
		Subtotal Cumulative <i>TransNet</i> Extension	5,638,889	16,010	(6,688,919)	(1,034,020)
Completed Projects:						
Local Street Improvements:						
		Congestion Relief	9,864,093	19,882	(9,883,975)	-
		Maintenance	4,320,700	4,644	(4,325,344)	-
		Total Completed Projects	14,184,793	24,526	(14,209,319)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 19,823,682	\$ 40,536	\$ (20,898,238)	\$ (1,034,020)

SCHEDULE C

CITY OF POWAY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2023	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
For Fiscal Year ended June 30, 2016	June 30, 2023	POW48	\$ 25,360	\$ -	\$ (25,360)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2017	June 30, 2024	POW48	32,998	-	(32,998)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	POW48	43,275	-	(43,275)	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026	POW48	17,464	-	(17,464)	-	-	-	
For Fiscal Year ended June 30, 2020	June 30, 2027	POW48	43,064	-	(43,064)	-	-	4,708	
For Fiscal Year ended June 30, 2021	June 30, 2028	POW48	364,319	-	(364,319)	-	-	364,319	
For Fiscal Year ended June 30, 2022	June 30, 2029	POW48	279,363	-	(32,233)	-	247,130	279,363	
For Fiscal Year ended June 30, 2023	June 30, 2030		938,185	-	-	-	938,185	-	
Interest Income			-	55,469	-	-	55,469	40,993	
Total RTCIP Funds			\$ 1,744,028	\$ 55,469	\$ (558,713)	\$ -	\$ 1,240,784	\$ 689,383	

CITY OF SAN DIEGO, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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* expenditure in the amount of \$42,414,639. We selected \$11,940,078 (28.15%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2023. 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 10.00% to 162.60% of direct labor. Total indirect costs included within projects in the RTIP was \$5,742,120 or 13.59% of total *TransNet* expenditures. The City's indirect costs exceeded 10% of total *TransNet* expenditures due to the City having preliminary project internal orders that are 100% labor expenses. When the preliminary internal orders are excluded, the indirect costs would be 11.0%. In addition, the City employs its own engineers, project managers and other employees that smaller cities would contract out to vendors. The City's cost allocation plan was approved by the Chief Financial Officer during FY 2022. 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, 2024.

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 were inactive over the past two years. The City indicated that "SD34 is projected to be completed by 9/10/2032. SD34 is currently using other non-*TransNet* funding sources (\$1.0M expense in FY23). This project has \$7.6M in unidentified funding that could include *TransNet* in future years. SD129 is projected to be completed in FY2025. SD129 is currently using other non-*TransNet* funding sources (\$1.5M expense in FY23). This project has \$106K in unidentified funding that could include *TransNet* in future years. SD226 is currently used by other non-*TransNet* sources in FY23 (\$13.5K expense in FY23) The project will have *TransNet* expenses in FY24."

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

Results: SANDAG approved the reason for the inactivity on January 4, 2024.

- 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: The City had transfer of funds for 3 projects and staff resolution R-315256. 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 2023 apportionment	\$47,739,788
Less: debt service payment	<u>(822,397)</u>
Net estimated apportionment	46,917,391
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>14,075,217</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	11,206,776
Maintenance fund balance	<u>(31,761)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>11,175,015</u>
Fund balance under apportionment	<u>\$ 2,900,202</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	<u>Funds Held by City</u>	<u>Funds Held by SANDAG</u>	<u>Total</u>
Congestion Relief	\$11,206,776	\$40,058,021	\$51,264,797
Maintenance	<u>(31,761)</u>	<u>975,302</u>	<u>943,541</u>
Totals	<u>\$11,175,015</u>	<u>\$41,033,323</u>	<u>\$52,208,338</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 28.19% of cumulative local street and road revenue for maintenance as indicated below:

	<u>San Diego</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$345,366,797	\$35,393,741	\$380,760,538
Maintenance	151,870,811	(1,214,309)	150,656,502
Interest	<u>497,191</u>	<u>6,853,891</u>	<u>7,351,082</u>
Total local street and road revenue	<u>\$497,734,799</u>	<u>\$41,033,323</u>	<u>\$538,768,122</u>
30% of total local street and road revenue			\$161,630,437
Less maintenance expenditures incurred to date			<u>(151,902,572)</u>
Available maintenance funds			<u>\$ 9,727,865</u>
Cumulative percentage expended for maintenance			<u>28.19%</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, 2022</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2023</u>	<u>Interest Payment</u>
Commercial paper	<u>\$26,167,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$26,167,000</u>	<u>\$822,397</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, 2023, is summarized as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Transit Bus Subsidies</u>	<u>Total</u>
Current year local discretionary expenditures	\$57,308,503	\$191,311	\$1,029,903	\$58,529,717
Less MOE Discretionary in Transit Bus Subsidies	(707,056)	-	-	(707,056)
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, 2023	<u>\$30,746,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$30,746,725</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 \$3,270,948. We selected \$553,767 (16.93%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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: This procedure is not applicable as the City's payroll expenditure did not exceed 20% of the total dollar amount of expenditure.

- 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 27, 2023.

- 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's 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, 2023.

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, 2023. 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
_____, 2024

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, 2022 through June 30, 2023.

"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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	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	1,215,245	500,000	-	(1,109,387)	-	605,858	
SD15	AIH.00001	Installation of City Owned Street Lights	454,885	400,000	-	(760,381)	-	94,504	
SD16A	21004805	Traffic Signals - Modifications/Modernization	387,943	-	-	(70,617)	-	317,326	
SD16A	AIL.00002	Traffic Signal Interconnect Projects	371,528	500,000	-	(443,702)	-	427,826	
SD16A	AIL.00004	Traffic Signals - Citywide	313,588	1,438,602	-	(1,232,915)	-	519,275	
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	65,854	750,000	-	(600,287)	-	215,567	
		Total SD16A Projects	1,138,913	2,688,602	-	(2,347,521)	-	1,479,994	
SD18	AIL.00001	Traffic Calming	673,456	888,219	-	(484,752)	-	1,076,923	
SD23	ACA.00001	Drainage Projects	16,450	1,556,089	-	(1,532,066)	-	40,473	
SD34	S00856	El Camino Real Road and Bridge Widening	-	-	-	-	-	-	(b)
		Subtotal Congestion Relief	3,498,949	6,032,910	-	(6,234,107)	-	3,297,752	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
		Congestion Relief balance carried forward	\$ 3,498,949	\$ 6,032,910	\$ -	\$ (6,234,107)	\$ -	\$ 3,297,752	
SD38	S00863	Georgia St Bridge Improvements	-	-	-	(35,683)	112,521	76,838	(c)
SD49	AIG.00001	Median Installation	444,977	700,000	-	(772,336)	-	372,641	
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	421,321	-	-	(91,730)	-	329,591	
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	(2,021,985)	2,021,985	-	-	-	-	
SD83	S00851	State Route 163 and Friars Road	-	-	-	-	34,366	34,366	(c)
SD90	S00905	SR163/Clairemont Mesa Blvd Interchange	5,388	-	-	-	(5,388)	-	(d)(e)
SD96	AID.00005	Street Resurfacing and Reconstruction	276,025	1,591,476	-	(5,323,520)	130,368	(3,325,651)	(f)
SD96	S23006	Sunset Cliffs Seawall Improvements - Sunset Cliff Blvd	-	224,006	-	(93,638)	(130,368)	-	
		Total SD96 Projects	276,025	1,815,482	-	(5,417,158)	-	(3,325,651)	
SD99	AIE.00001	Bridge Rehabilitation	656,600	-	-	(22,122)	29,734	664,212	(c)
SD102A	S11060	Otay Mesa Truck Route Phase 4	980,402	2,123,848	-	(1,159,440)	-	1,944,810	
SD129	S00915	University Avenue Mobility	-	-	-	-	-	-	(b)
SD137	S00913	Palm Avenue Roadway Improvements	-	-	-	20	(20)	-	(e)(g)
SD166	AIA.00001	Minor Bicycle Facilities	417,944	500,000	-	(412,852)	-	505,092	
SD166	21004803	Minor Bicycle Facilities (Non-Capital)	-	1,780,787	-	(982,883)	-	797,904	
		Total SD166 Projects	417,944	2,280,787	-	(1,395,735)	-	1,302,996	
		Subtotal Congestion Relief	4,679,621	14,975,012	-	(15,128,291)	171,213	4,697,555	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
		Congestion Relief balance carried forward	\$ 4,679,621	\$ 14,975,012	\$ -	\$ (15,128,291)	\$ 171,213	\$ 4,697,555	
SD186	21002143	Administrative Expenses - Finance	13,695	109,902	-	(118,193)	-	5,404	
SD186	21002273	Administrative Expenses - Engineering	22,051	204,950	-	(235,303)	-	(8,302)	(f)
		Total SD186 Projects	35,746	314,852	-	(353,496)	-	(2,898)	
SD188	various	Congestion Relief /Traffic Signal Operations	-	3,283,730	-	(3,283,730)	-	-	
SD200	S14009	SR56 / Euclid Avenue Interchange Phase 2	-	-	-	(25,688)	25,688	-	(c)(e)
SD226	S00870	Old Otay Road Westerly	-	-	-	-	-	-	(b)
SD237	S00951	Coastal Rail Trail	1,677,145	305,321	-	(173,725)	-	1,808,741	
SD245	S16061	Market St-47th St to Euclid Complete St	780,941	1,000,000	-	(865,487)	-	915,454	
SD249	S18000	Steamview Drive Improvement Phase 2	676,653	500,000	-	(104,089)	-	1,072,564	
SD250	S15018	La Media Road Improvements	517,580	3,129,939	-	(2,617,932)	-	1,029,587	
SD252	S18001	University Ave Complete Street Phase 1	419,057	-	-	(320,669)	-	98,388	
SD263	B19020	La Media Impr-Siempre Viva to Truck Rte	(120,378)	1,000,000	-	(239,947)	-	639,675	
SD264	S22005	Alvarado Canyon Rd Realignment Project	-	1,122,363	-	(319,783)	-	802,580	
		Commercial Paper Debt Services	-	822,397	-	(822,397)	-	-	
		Interest income - Congestion Relief 70%	-	-	165,410	-	(20,280)	145,130	(e)
		Total Congestion Relief	8,666,365	26,453,614	165,410	(24,255,234)	176,621	11,206,776	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
Maintenance:									
SD176	Various I/Os	Slurry Seal & Crack Repairs	\$ (2,624,589)	\$ 7,938,505	\$ -	\$ (5,345,677)	\$ -	\$ (31,761)	(f)
SD176	13000768	Maintenance	-	12,511,719	-	(12,511,719)	-	-	
		Total SD176 Projects	(2,624,589)	20,450,224	-	(17,857,396)	-	(31,761)	
		Interest income - Maintenance 30%	-	-	-	-	-	-	
		Total Maintenance	(2,624,589)	20,450,224	-	(17,857,396)	-	(31,761)	
		Total Local Street Improvements	32,208,776	46,971,438	165,410	(42,180,230)	176,621	37,342,015	
Smart Growth:									
SD253	1000529-2018	Clairemont TOD Design Concepts	(137,225)	137,225	-	-	-	-	(h)
SD254	1000527-2018	College Area Smart Growth Study	(123,435)	123,435	-	-	-	-	(h)
SD256	1000525-2018	Mira Mesa Transit Oriented Development Concept Plan	(68,200)	68,200	-	-	-	-	(h)
SD257	1000528-2018	University Community Smart Growth Concept Study	(71,739)	71,739	-	-	-	-	(h)
SD260	1000493-2018	Downtown Mobility Cycle Way Improvement Phase I & II	(137,192)	-	-	-	-	(137,192)	(i)
SD261	5005485	Downtown San Diego Wayfinding Signage - Cycle Network	(28,228)	30,446	-	(43,974)	-	(41,756)	(i)
SD262	5005486	East Village Green Park Phase 1	(6,719)	1,087	-	(125,925)	-	(131,557)	(i)
SD267	S1021763	Mid City Communities Smart Growth Study Area	-	-	-	(15,637)	-	(15,637)	(i)
		Total Smart Growth	(572,738)	432,132	-	(185,536)	-	(326,142)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
Environmental Mitigation:									
VO8	1000531-2018	Otay Res Cactus Wren	\$ (15,050)	\$ 15,297	\$ -	\$ (12,391)	\$ -	\$ (12,144)	(i)
VO8	1000532-2018	San Pasq Cactus Wren	(39,992)	53,852	-	(36,442)	-	(22,582)	(i)
Total Environmental Mitigation			(55,042)	69,149	-	(48,833)	-	(34,726)	
Total <i>TransNet</i> Extension			\$ 31,580,996	\$ 47,472,719	\$ 165,410	\$ (42,414,599)	\$ 176,621	\$ 36,981,147	
GASB 31 Market Value Adjustment			(202,505)	-	(115,829)	-	-	(318,334)	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			\$ 31,378,491	\$ 47,472,719	\$ 49,581	\$ (42,414,599)	\$ 176,621	\$ 36,662,813	

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 in FY24 after the expenditures for this project have been reimbursed by the Federal grant.
- (b) Inactive Projects per TransNet: SD34 is projected to be completed by 9/10/2032. SD34 is currently using other non-TransNet funding sources (\$1.0M expense in FY23). This project has \$7.6M in unidentified funding that could include TransNet in future years. SD129 is projected to be completed in FY2025. SD129 is currently using other non-TransNet funding sources (\$1.5M expense in FY23). This project has \$106K in unidentified funding that could include TransNet in future years. SD226 is currently used by other non-TransNet sources in FY23 (\$13.5K expense in FY23) The project will have TransNet expenses in FY24.
- (c) Prior year expenditure were transferred into non-SANDAG / TransNet grants with available funding.
- (d) Project is complete.
- (e) City Council approval obtained for the transfer of funds per Resolution R-315256 on 12/12/2023.
- (f) FY24 draws will provide coverage for MPO ID projects with negative balances as of June 30, 2023.
- (g) Completed MPO ID SD137 project during FY22 but the City received a \$20 late expense reimbursement from a vendor during FY23.
- (h) Grant is complete.
- (i) Negative grant balance as of June 30, 2023 covered by grant reimbursement in FY24 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, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SD16A	13001747	Regional Arterial Management Systems	\$ 743,000	\$ -	\$ (743,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>743,000</u>	<u>-</u>	<u>(743,000)</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>14,698,711</u>	<u>(8,383)</u>	<u>(14,084,470)</u>	<u>605,858</u>
SD15	AIH.00001	Installation of City Owned Street Lights	<u>4,295,425</u>	<u>(4,702)</u>	<u>(4,196,219)</u>	<u>94,504</u>
SD16A	21004805	Traffic Signals - Modifications/modernization	832,107	-	(514,781)	317,326
SD16A	AIL.00002	Traffic Signal Interconnect Projects	3,039,290	(1,572)	(2,609,892)	427,826
SD16A	AIL.00004	Traffic Signals - Citywide	8,893,006	(4,826)	(8,368,905)	519,275
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	<u>8,749,624</u>	<u>(3,471)</u>	<u>(8,530,586)</u>	<u>215,567</u>
		Total SD16A Projects	<u>21,514,027</u>	<u>(9,869)</u>	<u>(20,024,164)</u>	<u>1,479,994</u>
SD18	AIL.00001	Traffic Calming	<u>5,914,017</u>	<u>(2,224)</u>	<u>(4,834,870)</u>	<u>1,076,923</u>
		Subtotal Congestion Relief	<u>46,422,180</u>	<u>(25,178)</u>	<u>(43,139,723)</u>	<u>3,257,279</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Congestion Relief balance carried forward	\$ 46,422,180	\$ (25,178)	\$ (43,139,723)	\$ 3,257,279
SD23	ACA.00001	Drainage Projects	15,425,601	(1,690)	(15,383,438)	40,473
SD34	S00856	El Camino Real Road and Bridge Widening	836,313	2,965	(839,278)	-
SD38	S00863	Georgia St Bridge Improvements	2,582,356	916	(2,506,434)	76,838
SD49	AIG.00001	Median Installation	5,601,046	(4,375)	(5,224,030)	372,641
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	1,319,652	1,817	(991,878)	329,591
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	4,450,183	(1,394)	(4,448,789)	-
SD83	S00851	State Route 163 and Friars Road	31,634,893	(27,402)	(31,573,125)	34,366
SD90	S00905	SR163/Clairemont Mesa Blvd Interchange	8,318,435	(10,234)	(8,308,201)	-
		Subtotal Congestion Relief	116,590,659	(64,575)	(112,414,896)	4,111,188

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Congestion Relief balance carried forward	\$ 116,590,659	\$ (64,575)	\$ (112,414,896)	\$ 4,111,188
SD96	AID.00005	Street Resurfacing and Reconstruction	36,269,398	-	(39,595,049)	(3,325,651)
SD96	S23006	Sunset Cliffs Seawall Improvement	93,638	-	(93,638)	-
		Total SD96 Projects	36,363,036	-	(39,688,687)	(3,325,651)
SD99	AIE.00001	Bridge Rehabilitation	3,759,486	(492)	(3,094,782)	664,212
SD102A	S11060	Otay Mesa Truck Route Phase 4	10,521,174	-	(8,576,364)	1,944,810
SD129	S00915	University Avenue Mobility	1,774,530	(1,380)	(1,773,150)	-
SD137	S00913	Palm Avenue Roadway Improvements	4,460,071	(1,627)	(4,458,444)	-
SD166	AIA.00001	Minor Bicycle Facilities	3,332,042	(171)	(2,826,779)	505,092
SD166	21004803	Minor Bicycle Facilities (Non-Capital)	2,584,550	-	(1,786,646)	797,904
		Total SD166 Projects	5,916,592	(171)	(4,613,425)	1,302,996
SD186	21002143	Administrative Expenses - Comptrollers	1,354,357	2,320	(1,351,273)	5,404
SD186	21002273	Administrative Expenses - Engineering	2,718,656	431	(2,727,389)	(8,302)
		Total SD186 Projects	4,073,013	2,751	(4,078,662)	(2,898)
		Subtotal Congestion Relief	183,458,561	(65,494)	(178,698,410)	4,694,657

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Congestion Relief balance carried forward	\$ 183,458,561	\$ (65,494)	\$ (178,698,410)	\$ 4,694,657
SD188	various	Congestion Relief /Traffic Signal Operations	35,433,894	39,944	(35,473,838)	-
SD200	S14009	SR56 / Euclid Avenue Interchange Phase 2	3,117,530	-	(3,117,530)	-
SD226	S00870	Old Otay Mesa Road - Westerly	9,695,312	10,213	(9,705,525)	-
SD237	S00951	Coastal Rail Trail	3,795,796	-	(1,987,055)	1,808,741
SD245	S16061	Market St-47th St to Euclid Complete St	6,025,875	-	(5,110,421)	915,454
SD249	S18000	Steamview Drive Improvement Phase 2	2,010,000	-	(937,436)	1,072,564
SD250	S15018	La Media Road Improvements	6,129,939	-	(5,100,352)	1,029,587
SD252	S18001	University Ave Complete Street Phase 1	875,000	-	(776,612)	98,388
SD263	B19020	La Media Impr-Siempre Viva to Truck Rte	1,000,000	-	(360,325)	639,675
SD264	S22005	Alvarado Canyon Rd Realignment Project	1,122,363	-	(319,783)	802,580
		Commercial Paper Debt Services	1,161,763	-	(1,161,763)	-
		Interest Income - Congestion Relief	(185,787)	330,917	-	145,130
		Total Congestion Relief	253,640,246	315,580	(242,749,050)	11,206,776

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
Maintenance:						
SD176	Various I/Os	Slurry Seal & Crack Repairs	\$ 7,938,505	\$ -	\$ (7,970,266)	\$ (31,761)
SD176	13000768	Maintenance	137,881,906	-	(137,881,906)	-
Total SD176 Projects			145,820,411	-	(145,852,172)	(31,761)
Interest Income - Maintenance			-	-	-	-
Total Maintenance			145,820,411	-	(145,852,172)	(31,761)
Total Local Street Improvements			426,370,657	315,580	(389,344,222)	37,342,015
Smart Growth:						
SD253	1000529-2018	Clairemont TOD Design Concepts	491,953	-	(491,953)	-
SD254	1000527-2018	College Area Smart Growth Study	499,814	-	(499,814)	-
SD256	1000525-2018	Mira Mesa Transit Oriented Development Concept Plan	500,000	-	(500,000)	-
SD257	1000528-2018	University Community Smart Growth Concept Study	499,992	-	(499,992)	-
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	157,625	-	(199,381)	(41,756)
SD262	5005486	East Village Green Park Phase 1	50,693	-	(182,250)	(131,557)
SD267	S1021763	Mid City Communities Smart Growth Study Area	-	-	(15,637)	(15,637)
Total Smart Growth			4,562,886	-	(4,889,028)	(326,142)

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
Environmental Mitigation:						
V08	1000531-2018	Otay Res Cactus Wren	\$ 82,363	\$ -	\$ (94,507)	\$ (12,144)
V08	1000532-2018	San Pasq Cactus Wren	118,752	-	(141,334)	(22,582)
Total Environmental Mitigation			201,115	-	(235,841)	(34,726)
Subtotal Cumulative <i>TransNet</i> Extension			431,134,658	315,580	(394,469,091)	36,981,147
Completed Projects:						
Major Corridor			3,774,000	35,001	(3,809,001)	-
LSI-Congestion Relief			64,816,551	146,610	(64,963,161)	-
LSI-Maintenance			6,050,400	-	(6,050,400)	-
Active Transportation			124,998	-	(124,998)	-
Bikes and Pedestrian			1,543,659	-	(1,543,659)	-
Smart Growth			6,475,855	-	(6,475,855)	-
Environmental Mitigation			356,304	-	(356,304)	-
Total Completed Projects			83,141,767	181,611	(83,323,378)	-
Total Cumulative <i>TransNet</i> Extension			\$ 514,276,425	\$ 497,191	\$ (477,792,469)	\$ 36,981,147

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

<u>Project Year</u>	<u>Last Date to Commit funds</u>	<u>MPO ID</u>	<u>Cumulative</u>				<u>Funds Committed June 30, 2023</u>	<u>Cumulative Status</u>	
			<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>		<u>June 30, 2023</u>	<u>June 30, 2022</u>
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	(6,442,583)	-	-	-	1,084,471
For Fiscal Year ended June 30, 2019	June 30, 2026	Various	5,300,604	-	(2,186,478)	-	3,114,127	3,114,126	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	-	-	-	9,102,291	9,466,104	9,466,104
For Fiscal Year ended June 30, 2023	June 30, 2030	Various	5,972,942	-	-	-	-	5,972,942	-
Interest Income			-	1,977,316	-	-	-	1,977,316	1,436,974
Total RTCIP Funds			\$ 54,222,722	\$ 2,470,838	\$ (23,956,742)	\$ -	\$ 24,422,748	\$ 32,736,818	\$ 29,494,483

DRAFT

CITY OF SAN MARCOS, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 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* expenditure less debt services in the amount of \$453,107. We selected \$318,206 (70.23%) 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

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, 2024.

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, "Project (SM48) has been inactive over the

past two years for Schedule A reporting purposes as *TransNet* budget appropriation has been fully used. Project is still an active City project. And Project (SM59) has been inactive over the past two years for Schedule A reporting purposes as the City will make an adjustment to transfer the balance to another project on their annual RTIP update." 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 December 6, 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 ended June 30, 2023.

- 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: This procedure is not applicable as there were no completed projects present on Schedule A for the fiscal year ended June 30, 2023.

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 2023 apportionment	\$3,272,994
Less: debt service payment	<u>(618,653)</u>
Net estimated apportionment	2,654,341
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>796,302</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(807,911)
Maintenance fund balance	<u>23,703</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(784,208)</u>
Fund balance under apportionment	<u>\$1,580,510</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(807,911)	\$ 6,706,871	\$ 5,898,960
Maintenance	<u>23,703</u>	<u>6,625,786</u>	<u>6,649,489</u>
Totals	<u>\$(784,208)</u>	<u>\$13,332,657</u>	<u>\$12,548,449</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 7.47% of cumulative local street and road revenue for maintenance as indicated below:

	<u>San Marcos</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$32,911,548	\$ 5,763,487	\$38,675,035
Maintenance	3,738,035	6,230,070	9,968,105
Interest	<u>42,856</u>	<u>1,339,100</u>	<u>1,381,956</u>
 Total local street and road revenue	 <u>\$36,692,439</u>	 <u>\$13,332,657</u>	 <u>\$50,025,096</u>
 30% of total local street and road revenue			 \$15,007,529
Less maintenance expenditures incurred to date			<u>(3,738,035)</u>
 Available maintenance funds			 <u>\$11,269,494</u>
 Cumulative percentage expended for maintenance			 <u>7.47%</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, 2022</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2023</u>	<u>Interest Payments</u>
2010 Series A Bonds	\$15,139,627	\$ -	\$ -	\$15,139,627	\$587,501
2019 Series A Bonds	1,025,000	-	-	1,025,000	31,152

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 have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2023, is summarized as follows:

Current year local discretionary expenditures	\$7,144,629
Less: MOE base year requirement	(4,893,432)
Less: Prior year shortfall	<u>(629,185)</u>
Excess MOE for the year ended June 30, 2023	<u>\$1,622,012</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 \$1,210,638. We selected \$452,863 (37.41%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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, 2023.

- 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 October 6, 2023.

- 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. We were able to obtain additional support showing SANDAG's approval and meetings held for the shortfall. Based on the City's MOE for FY2023, the City was able to meet their MOE requirement for FY2023.

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, 2023.

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, 2023. 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

, 2024

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	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	(22,678)	-	-	(3,841)	-	(26,519)	(a)
SM31	88265	Discovery Street Improvements	1	-	-	-	(1)	-	(b)(c)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	653,755	-	-	-	(653,755)	-	(d)
SM48	88505	SM Creek Specific Plan	54	-	-	-	-	54	(e)
SM56	88263	Bent Ave Bridge and Street Improvement	87,400	-	-	-	(87,400)	-	(d)
SM59	86009	Annual Street Overlay Project	27	-	-	-	-	27	(f)
SM63	TR001	Rancho Santa Fe and Grandon Traffic Signal Mod	(1,240)	-	-	(11,001)	-	(12,241)	(a)
SM64	ST005	San Marcos Blvd. Reconstruction	-	-	-	(895)	-	(895)	(a)
SM67	86002	San Marcos Blvd at Discovery St	(349,999)	-	-	-	-	(349,999)	(a)
SM68	88532	Traffic Management System Enhancement	(9,106)	-	-	(426,570)	-	(435,676)	(a)
		2010 Series A Bonds Debt Service	-	587,501	-	(587,501)	-	-	
		2019 Series A Bonds	-	31,152	-	(31,152)	-	-	
Subtotal Congestion Relief			358,214	618,653	-	(1,060,960)	(741,156)	(825,249)	
Interest Income			16,181	-	1,156	-	-	17,337	
Total Congestion Relief			374,395	618,653	1,156	(1,060,960)	(741,156)	(807,912)	
Maintenance:									
SM71	TR006	Cycle Track on TOVR near Double Peak K-8	-	-	-	-	-	-	(c)
Interest Income			23,208	-	495	-	-	23,703	
Total Maintenance			23,208	-	495	-	-	23,703	
Total Local Street Improvements			397,603	629,453	1,651	(1,071,760)	(741,156)	(784,209)	
Total <i>TransNet</i> Extension			\$ 397,603	\$ 629,453	\$ 1,651	\$ (1,071,760)	\$ (741,156)	\$ (784,209)	

(Continued)

CITY OF SAN MARCOS, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2022</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2023</u>	<u>Notes</u>
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Notes:

- (a) The City will request drawdown from programmed funds in FY24.
- (b) Adjustment is due to rounding from prior years.
- (c) Project is complete.
- (d) Adjustment is due to expenditures that should have been reported in PY, but were missed.
- (e) Project (SM48) has been inactive over the past two years for Schedule A reporting purposes as Tnet budget appropriation has been fully used. Project is still an active City project.
- (f) Balance to be transferred to another project during next RTIP update.

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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, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SM54	N/A	Regional Arterial Management Systems	\$ 108,000	\$ -	\$ (108,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>108,000</u>	<u>-</u>	<u>(108,000)</u>	<u>-</u>
Congestion Relief:						
SM22	88179	South Santa Fe from Bosstick to Smilax	159,185	-	(185,704)	(26,519)
SM31	88265	Discovery Street Improvements	3,954,800	-	(3,954,800)	-
SM32	88264	Via Vera Cruz Bridge and Street Improvement	2,431,529	-	(2,431,529)	-
SM48	88505	SM Creek Specific Plan	2,771,657	-	(2,771,603)	54
SM56	88263	Bent Ave Bridge and Street Improvement	1,324,723	-	(1,324,723)	-
SM59	86009	Annual Street Overlay Project	138,527	-	(138,500)	27
SM63	TR001	Rancho Santa Fe and Grandon Traffic Signal Mod	255,167	-	(267,408)	(12,241)
SM64	ST005	San Marcos Blvd. Reconstruction	-	-	(895)	(895)
SM67	86002	San Marcos Blvd at Discovery St	-	-	(349,999)	(349,999)
SM68	88532	Traffic Management System Enhancement	808,324	-	(1,244,000)	(435,676)
		2010 Series A Bonds Debt Service	7,494,509	-	(7,494,509)	-
		2019 Series A Bonds	<u>111,043</u>	<u>-</u>	<u>(111,043)</u>	<u>-</u>
		Subtotal Congestion Relief	19,449,464	-	(20,274,713)	(825,249)
		Interest Income	<u>-</u>	<u>17,337</u>	<u>-</u>	<u>17,337</u>
		Total Congestion Relief	<u>19,449,464</u>	<u>17,337</u>	<u>(20,274,713)</u>	<u>(807,912)</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>23,703</u>	<u>-</u>	<u>23,703</u>
		Total Maintenance	<u>14,331</u>	<u>23,703</u>	<u>(14,331)</u>	<u>23,703</u>
		Total Local Street Improvements	<u>19,571,795</u>	<u>41,040</u>	<u>(20,397,044)</u>	<u>(784,209)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>19,571,795</u>	<u>41,040</u>	<u>(20,397,044)</u>	<u>(784,209)</u>

(Continued)

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

<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, 2023</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	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>
		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>\$ 38,633,516</u>	<u>\$ 42,856</u>	<u>\$ (39,460,581)</u>	<u>\$ (784,209)</u>

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SCHEDULE C

CITY OF SAN MARCOS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed June 30, 2023	June 30, 2023	June 30, 2022
For Fiscal Year ended June 30, 2016	June 30, 2023	SM31/SM42	\$ 364,168	\$ -	\$ (364,168)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2017	June 30, 2024	SM31/SM42	874,955	-	(874,955)	-	-	-	-
For Fiscal Year ended June 30, 2018	June 30, 2025	SM31/SM42	1,345,318	-	(1,345,318)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	SM31/SM42	466,033	-	(466,033)	-	-	-	-
For Fiscal Year ended June 30, 2020	June 30, 2027	SM31/SM42	890,385	-	(890,385)	-	-	-	98,134
For Fiscal Year ended June 30, 2021	June 30, 2028	SM31/SM42	328,796	-	(328,796)	-	-	-	328,796
For Fiscal Year ended June 30, 2022	June 30, 2029	SM31/SM42	1,047,857	-	(1,004,399)	-	-	43,458	1,047,857
For Fiscal Year ended June 30, 2023	June 30, 2030		1,188,651	-	-	-	-	1,188,651	-
Interest Income			-	467,602	-	-	-	467,602	391,236
Total RTCIP Funds			\$ 6,506,163	\$ 467,602	\$ (5,274,054)	\$ -	\$ -	\$ 1,699,711	\$ 1,866,023

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CITY OF SANTEE, CALIFORNIA

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

Year Ended June 30, 2023

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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, 2023. 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, 2023. 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 \$1,019,771. We selected \$720,415 (70.64%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2023. The City charges indirect costs at the rate of 22.7% of direct salary and benefit costs associated with each project. The City allocated a total of \$37,129 of indirect costs to all RTIP projects, resulting in 1.48% of indirect costs compared to total project expenditures. We then extrapolated this percentage to calculate total *TransNet* indirect costs of \$15,014. The City does not have a formal written indirect cost plan. The City's indirect cost allocation is reviewed internally and updated annually and last updated during FY 2023 by the Finance Director. 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. Indirect costs did not exceed 10% of total expenditures, as such no explanation was obtained. 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: This procedure is not applicable as there were no projects with negative ending balances on Schedule A in FY23.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2024.

Results: This procedure is not applicable as there were no projects with negative ending balances on Schedule A in FY23.

- 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 FY23.

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 2023 apportionment	\$1,961,151
Less: debt service payment	<u>(788,884)</u>
Net estimated apportionment	1,172,267
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>351,680</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	12,050
Maintenance fund balance	<u>9,144</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>21,194</u>
Fund balance under apportionment	<u>\$330,486</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$12,050	\$(296,282)	\$(284,232)
Maintenance	<u>9,144</u>	<u>1,778,776</u>	<u>1,787,920</u>
Totals	<u>\$21,194</u>	<u>\$1,482,494</u>	<u>\$1,503,688</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 12.31% of cumulative local street and road revenue for maintenance as indicated below:

	Santee	SANDAG	Total
Congestion relief	\$33,974,279	\$(515,277)	\$33,459,002
Maintenance	4,988,504	1,698,573	6,687,077
Interest	<u>2,836</u>	<u>299,198</u>	<u>302,034</u>
Total local street and road revenue	<u>\$38,965,619</u>	<u>\$1,482,494</u>	<u>\$40,448,113</u>
30% of total local street and road revenue			\$12,134,434
Less maintenance expenditures incurred to date			<u>(4,980,652)</u>
Available maintenance funds			<u>\$ 7,153,782</u>
Cumulative percentage expended for maintenance			<u>12.31%</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, 2022	Additions	Principal Payments	Balance June 30, 2023	Interest and Other Adjustments
2014 Bonds	\$ 425,000	\$ -	\$(205,000)	\$ 220,000	\$ 14,615
2020 Bonds	3,295,000	-	(350,000)	2,945,000	153,427
2021 Bonds	2,870,000	-	-	2,870,000	62,450

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$3,100,334
Less MOE base year requirement	<u>(658,301)</u>
Excess MOE for the year ended June 30, 2023	<u>\$2,442,033</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 amounts of \$96,387. We selected \$74,223 (77.01%) for testing. No exceptions were noted as a result of our procedures.
- vi. If unallowable expenditures were identified in procedure 13.c.v, 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 total 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 November 6, 2023.

- 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, 2023.

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, 2023. 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

2024

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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 Santee, 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, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	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	2022-01	Citywide Pavement Repair & Rehab 2022	(37,895)	20,372	-	-	17,523	-	(a)(b)
SNT04	2023-05	Citywide Pavement Repair & Rehab 2023	-	85,628	-	(73,696)	-	11,932	
		Subtotal SNT04	(37,895)	106,000	-	(73,696)	17,523	11,932	
		2014 Bonds Debt Service	-	219,257	-	(219,257)	-	-	
		2020 Bonds Debt Service	-	507,177	-	(507,177)	-	-	
		2021 Bonds Debt Service	-	62,450	-	(62,450)	-	-	
		Interest Income	59	-	59	-	-	118	
		Total Congestion Relief	(37,836)	894,884	59	(862,580)	17,523	12,050	
Maintenance:									
SNT22	2021-03	Citywide Slurry Seal & Roadway Maintenance 2021	(910)	910	-	-	-	-	(a)
SNT22	2022-02	Citywide Slurry Seal & Roadway Maintenance 2022	(15,845)	756,837	-	(740,992)	-	-	(a)
SNT22	2022-07	Citywide Crack Sealing Program 2022	(8,383)	194,263	-	(185,880)	-	-	(a)
SNT22	2023-04	Citywide Crack Sealing Program 2023	(93)	9,631	-	(9,538)	-	-	
SNT22	2023-06	Citywide Slurry Seal & Roadway Maintenance 2023	-	11,359	-	(2,265)	-	9,094	
		Subtotal SNT22	(25,231)	973,000	-	(938,675)	-	9,094	
		Interest Income	25	-	25	-	-	50	
		Total Maintenance	(25,206)	973,000	25	(938,675)	-	9,144	

(Continued)

SCHEDULE A

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
		Total Local Street Improvements	\$ (63,042)	\$ 1,875,284	\$ 84	\$ (1,808,655)	\$ 17,523	\$ 21,194	
		Total <i>TransNet</i> Extension	(63,042)	1,875,284	84	(1,808,655)	17,523	21,194	
		GASB 31 Market Value Adjustment	(2)	-	(446)	-	-	(448)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (63,044)	\$ 1,875,284	\$ (362)	\$ (1,808,655)	\$ 17,523	\$ 20,746	

Notes:

- (a) Completed Project.
- (b) Remaining balance of CIP 2201-01 was covered by another funding source.

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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, 2023

<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, 2023</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass Through:						
SNT20		Regional Arterial Management Systems	\$ 81,400	\$ -	\$ (81,400)	\$ -
		Total Congestion Relief - Pass Through	<u>81,400</u>	<u>-</u>	<u>(81,400)</u>	<u>-</u>
Congestion Relief:						
SNT04	2022-01	Citywide Pavement Repair & Rehab 2022	48,621	-	(48,621)	-
SNT04	2023-05	Citywide Pavement Repair & Rehab 2023	<u>85,628</u>	<u>-</u>	<u>(73,696)</u>	<u>11,932</u>
		Subtotal SNT04	<u>134,249</u>	<u>-</u>	<u>(122,317)</u>	<u>11,932</u>
		2014 Bonds Debt Service	2,619,680	-	(2,619,680)	-
		2020 Bonds Debt Service	1,664,875	-	(1,664,875)	-
		2021 Bonds Debt Service	<u>142,304</u>	<u>-</u>	<u>(142,304)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>118</u>	<u>-</u>	<u>118</u>
		Total Congestion Relief	<u>4,561,108</u>	<u>118</u>	<u>(4,549,176)</u>	<u>12,050</u>
Maintenance:						
SNT22	2021-03	Citywide Slurry Seal & Roadway Maintenance 2021	575,000	-	(575,000)	-
SNT22	2022-02	Citywide Slurry Seal & Roadway Maintenance 2022	758,725	-	(758,725)	-
SNT22	2022-07	Citywide Crack Sealing Program 2022	194,263	-	(194,263)	-
SNT22	2023-04	Citywide Crack Sealing Program 2023	9,631	-	(9,631)	-
SNT22	2023-06	Citywide Slurry Seal & Roadway Maintenance 2023	<u>11,359</u>	<u>-</u>	<u>(2,265)</u>	<u>9,094</u>
		Subtotal SNT22	<u>1,548,978</u>	<u>-</u>	<u>(1,539,884)</u>	<u>9,094</u>
		Interest Income	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
		Total Maintenance	<u>1,548,978</u>	<u>50</u>	<u>(1,539,884)</u>	<u>9,144</u>
		Total Local Street Improvements	<u>6,191,486</u>	<u>168</u>	<u>(6,170,460)</u>	<u>21,194</u>

(Continued)

CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project (Continued)

Year Ended June 30, 2023

<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, 2023</u>
Completed Projects						
		LSI - Congestion Relief	\$ 19,772,377	\$ 1,426	\$ (19,773,803)	\$ -
		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	<u>33,194,438</u>	<u>2,668</u>	<u>(33,197,106)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 39,385,924</u>	<u>\$ 2,836</u>	<u>\$ (39,367,566)</u>	<u>\$ 21,194</u>

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CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Funds		Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2023	June 30, 2023	June 30, 2022			
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	-	(249,239)	(38,182)	-	-	792,038	888,425	(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	301,308		
For Fiscal Year ended June 30, 2023	June 30, 2030		323,753	-	-	-	-	-	323,753	-		
Interest Income			-	113,542	-	-	-	-	113,542	73,094		
Total RTCIP Funds			\$ 3,395,784	\$ 113,542	\$ (753,733)	\$ (38,182)	\$ -	\$ -	\$ 2,717,411	\$ 2,449,597		

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, 2023

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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, 2023. 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, 2023. 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 there was no interest income reported in Schedule A or within the general ledger for FY23.

- 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 FY23.

- 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 \$50,409. We selected \$33,327 (66.11%) 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: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects in FY23.
- 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP during FY23.

- 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, 2024.

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: SB18. The City indicated that SB18 has had no expenditures for two years as the City did not have planned slurry seals in the annual pavement plans for FY22 or FY23. The City has planned expenditures under SB18 in FY24. 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 5, 2024.
- 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 2023 apportionment	\$593,273
Less: debt service payment	<u>(213,430)</u>
Net estimated apportionment	379,843
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>113,953</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	1,702
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>1,702</u>
Fund balance under apportionment	<u>\$112,251</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are indicated on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$1,702	\$(566,853)	\$(565,151)
Maintenance	-	1,772,480	1,772,480
Totals	<u>\$1,702</u>	<u>\$1,205,627</u>	<u>\$1,207,329</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 2.31% of cumulative local street and road revenue for maintenance as follows:

	Solana Beach	SANDAG	Total
Congestion relief	\$11,017,605	\$(706,430)	\$10,311,175
Maintenance	289,587	1,716,306	2,005,893
Interest	4,279	195,751	200,030
Total local street and road revenue	<u>\$11,311,471</u>	<u>\$1,205,627</u>	<u>\$12,517,098</u>
30% of total local street and road revenue			\$3,755,129
Less maintenance expenditures incurred to date			<u>(289,587)</u>
Available maintenance funds			<u>\$3,465,542</u>
Cumulative percentage expended for maintenance			<u>2.31%</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, 2022	Additions	Principal Payments	Balance June 30, 2023	Interest Payments
2010 Series A Bonds	<u>\$5,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,500,000</u>	<u>\$213,430</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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$2,978,316
Less MOE base year requirement	<u>(535,585)</u>
Excess MOE for the year ended June 30, 2023	<u>\$2,442,731</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 within the required seven year timeframe. 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 within the required seven year timeframe. 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: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2023.
- vi. If unallowable expenditures were identified in procedure 13.c.v, 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, 2023.
- 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, 2023.

- 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 27, 2023.

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the TransNet Fund

Findings and Recommendations

Year Ended June 30, 2023

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

The City did not expend or commit RTCIP funding collected during fiscal year 2016 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

The Solana Beach Engineering Department submitted Resolution 2023-122 to the City Council for approval on November 8, 2023. The purpose of this resolution was to amend the 2023 RTIP list of projects and commit to spending RTCIP funds in fiscal years 2024 and 2025 and to revise the City's Capital Improvement Program (CIP) budget for the Traffic Signal Upgrades Phase 1 project by substituting Gas Tax funding with RTCIP funding. The Council unanimously approved the resolution.

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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.

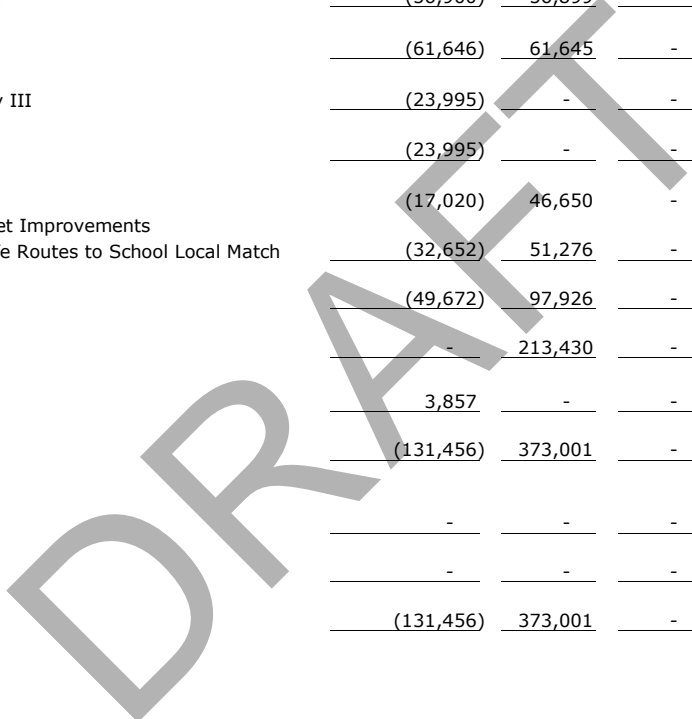
"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
SB16	9362.21	Annual Pavement Management	\$ (4,746)	\$ 4,746	\$ -	\$ -	\$ -	\$ -	(a)
SB16	9362.22	Annual Pavement Management	(56,900)	56,899	-	-	1	-	(a)(b)
		Total SB16 Projects	(61,646)	61,645	-	-	1	-	
SB19	9382.03	Lomas Santa Fe Corridor Study III	(23,995)	-	-	-	23,995	-	(a)(b)
		Total SB19 Projects	(23,995)	-	-	-	23,995	-	
SB21	9525.00	Santa Helena Roadside Park	(17,020)	46,650	-	(29,630)	-	-	
SB21	9538.21	Sidewalks and Associated Street Improvements At Various Locations - Incl. Safe Routes to School Local Match	(32,652)	51,276	-	(20,779)	-	(2,155)	(c)
		Total SB21 Projects	(49,672)	97,926	-	(50,409)	-	(2,155)	
		2010 Series A Bonds	-	213,430	-	(213,430)	-	-	
		Interest Income	3,857	-	-	-	-	3,857	
		Total Congestion Relief	(131,456)	373,001	-	(263,839)	23,996	1,702	
Maintenance:									
SB18		Pavement Maintenance	-	-	-	-	-	-	(d)
		Total Maintenance	-	-	-	-	-	-	
		Total Local Street Improvements	(131,456)	373,001	-	(263,839)	23,996	1,702	



(Continued)

SCHEDULE A

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2022</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2023</u>	<u>Notes</u>
		Total <i>TransNet</i> Extension	\$ (131,456)	\$ 373,001	\$ -	\$ (263,839)	\$ 23,996	\$ 1,702	
		GASB 31 Fair Market Value Adjustment	-	-	-	-	-	-	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (131,456)	\$ 373,001	\$ -	\$ (263,839)	\$ 23,996	\$ 1,702	

Notes:

- (a) Project complete.
- (b) The City is utilizing other funding sources to clear the deficit balance.
- (c) To clear the deficit balance, the City will request a drawdown in FY24.
- (d) SB18 has had no expenditures for two years as the City did not have planned slurry seals in the annual pavement plans for FY22 or FY23. The City has planned expenditures under SB18 in FY24.

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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, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SB16	9362.21	Annual Pavement Management	\$ 93,846	\$ -	\$ (93,846)	\$ -
SB16	9362.22	Annual Pavement Management	<u>56,900</u>	<u>-</u>	<u>(56,900)</u>	<u>-</u>
		Total SB16 Projects	<u>150,746</u>	<u>-</u>	<u>(150,746)</u>	<u>-</u>
SB19	9382.03	Lomas Santa Fe Corridor Study III	<u>66,345</u>	<u>-</u>	<u>(66,345)</u>	<u>-</u>
SB21	9525.00	Santa Helena Roadside Park	46,650	-	(46,650)	-
SB21	9538.21	Sidewalks and Associated Street Improvements At Various Locations - Incl. Safe Routes to School Local Match	<u>51,276</u>	<u>-</u>	<u>(53,431)</u>	<u>(2,155)</u>
		Total SB21 Projects	<u>97,926</u>	<u>-</u>	<u>(100,081)</u>	<u>(2,155)</u>
		2010 Series A Bonds	<u>2,795,193</u>	<u>-</u>	<u>(2,795,193)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>3,857</u>	<u>-</u>	<u>3,857</u>
		Total Congestion Relief	<u>3,110,210</u>	<u>3,857</u>	<u>(3,112,365)</u>	<u>1,702</u>
Maintenance:						
SB18		Pavement Maintenance	<u>125,350</u>	<u>-</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>3,235,560</u>	<u>3,857</u>	<u>(3,237,715)</u>	<u>1,702</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>\$ 3,235,560</u>	<u>\$ 3,857</u>	<u>\$ (3,237,715)</u>	<u>\$ 1,702</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, 2023

<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, 2023</u>
		Completed Projects				
		LSI - Congestion Relief	\$ 7,907,395	\$ 422	\$ (7,907,817)	\$ -
		LSI - Maintenance	164,237	-	(164,237)	-
		Bikes and Pedestrian	135,986	-	(135,986)	-
		Pavement Maintenance	125,350	-	(125,350)	-
		Total Completed Projects	<u>8,332,968</u>	<u>422</u>	<u>(8,333,390)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	\$ <u>11,568,528</u>	\$ <u>4,279</u>	\$ <u>(11,571,105)</u>	\$ <u>1,702</u>

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CITY OF SOLANA BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed at June 30, 2023	June 30, 2023	June 30, 2022	
Year ended June 30, 2016	June 30, 2023	SB16	\$ 19,566	\$ -	\$ (18,812)	\$ -	\$ -	\$ 754	\$ 754	(a)
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	88,418	
Year ended June 30, 2023	June 30, 2030		86,970	-	-	-	-	86,970	-	
Interest Income			-	10,417	-	-	-	10,417	7,055	
Subtotal RTCIP Funds			<u>325,397</u>	<u>10,417</u>	<u>(18,812)</u>	<u>-</u>	<u>-</u>	<u>317,002</u>	<u>226,670</u>	
GASB 31 Market Value Adjustment			<u>-</u>	<u>(4,403)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,403)</u>	<u>(4,008)</u>	
Total RTCIP Funds			<u>\$ 325,397</u>	<u>\$ 6,014</u>	<u>\$ (18,812)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,599</u>	<u>\$ 222,662</u>	

Notes:

(a) The City passed council resolution 2023-122 on November 8, 2023 to amend the 2023 RTIP listing of projects and commit to spending RTCIP funds in fiscal years 2024 and 2025.

CITY OF VISTA, CALIFORNIA

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

Year Ended June 30, 2023

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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, 2023. 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, 2023. 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 \$1,706,590. We selected \$854,976 (50.10%) 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated to projects on Schedule A in FY23.

- 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 FY23.

- 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 projects completed within Schedule A in FY23.

- 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, 2024.

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 FY23.

- 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 FY23.

- 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 in FY23.

- 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 transfers of *TransNet* funds between projects in FY23.

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 within Schedule A in FY23.

- 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 2023 apportionment	\$3,364,341
Less: debt service payment	<u>-</u>
Net estimated apportionment	3,364,341
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>1,009,302</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(5,763)
Maintenance fund balance	<u>(21,379)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(27,142)</u>
Fund balance under apportionment	<u>\$1,036,444</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (5,763)	\$2,869,901	\$2,864,138
Maintenance	<u>(21,379)</u>	<u>3,156,366</u>	<u>3,134,987</u>
Totals	<u>\$(27,142)</u>	<u>\$6,026,267</u>	<u>\$5,999,125</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 19.67% of cumulative local street and road revenue for maintenance as indicated below:

	<u>Vista</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$24,974,960	\$2,416,081	\$27,391,041
Maintenance	7,561,638	2,943,481	10,505,119
Interest	<u>(20,608)</u>	<u>666,705</u>	<u>646,097</u>
Total local street and road revenue	<u>\$32,515,990</u>	<u>\$6,026,267</u>	<u>\$38,542,257</u>
30% of total local street and road revenue			\$11,562,677
Less maintenance expenditures incurred to date			<u>(7,583,189)</u>
Available maintenance funds			\$ <u>3,979,488</u>
Cumulative percentage expended for maintenance			<u>19.67%</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 is no long-term debt outstanding as of June 30, 2023.

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, 2023, is summarized as follows:

Current year local discretionary expenditures	\$5,278,877
Less MOE base year requirement	<u>(2,703,364)</u>
Excess MOE for the year ended June 30, 2023	<u>\$2,575,513</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 \$253,213. We selected \$117,470 (46.39%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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, 2023.

- 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 September 25, 2023.

- 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: This procedure is not applicable as 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.

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2023	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	550,309	93,463	-	(650,811)	-	(7,039)	(a)
VISTA 55	8290	Pedestrian Mobility Sidewalks	(8,209)	594,746	-	(589,788)	-	(3,251)	(a)
		Interest Income	2,020	-	2,507	-	-	4,527	
		Total Congestion Relief	544,120	688,209	2,507	(1,240,599)	-	(5,763)	
Maintenance:									
VISTA 53	8262	Annual Street Maintenance & Resurfacing	(25,600)	461,310	-	(457,191)	-	(21,481)	(a)
		Interest Income	102	-	-	-	-	102	
		Total Maintenance	(25,498)	461,310	-	(457,191)	-	(21,379)	
		Total Local Street Improvements	518,622	1,158,319	2,507	(1,706,590)	-	(27,142)	
		Total <i>TransNet</i> Extension	\$ 518,622	\$ 1,158,319	\$ 2,507	\$ (1,706,590)	\$ -	\$ (27,142)	

Notes:

(a) City will request reimbursement of programmed funds to eliminate negative balance.

SCHEDULE B

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
VISTA 56	N/A	Regional Arterial Management Systems	\$ 88,000	\$ -	\$ (88,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>88,000</u>	<u>-</u>	<u>(88,000)</u>	<u>-</u>
Congestion Relief:						
VISTA 46	8225	Street Construction/Overlay-Annual	12,287,884	-	(12,294,923)	(7,039)
VISTA 55	8290	Pedestrian Mobility Sidewalks	918,246	3	(921,500)	(3,251)
		Interest Income	<u>-</u>	<u>4,527</u>	<u>-</u>	<u>4,527</u>
		Total Congestion Relief	<u>13,206,130</u>	<u>4,530</u>	<u>(13,216,423)</u>	<u>(5,763)</u>
Maintenance:						
VISTA 53	8262	Annual Street Maintenance & Resurfacing	4,145,163	-	(4,166,644)	(21,481)
		Interest Income	<u>-</u>	<u>102</u>	<u>-</u>	<u>102</u>
		Total Maintenance	<u>4,145,163</u>	<u>102</u>	<u>(4,166,644)</u>	<u>(21,379)</u>
		Total Local Street Improvements	<u>17,439,293</u>	<u>4,632</u>	<u>(17,471,067)</u>	<u>(27,142)</u>

(Continued)

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023
 (Continued)

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
		Completed Projects:				
		LSI - Congestion Relief	\$ 11,680,830	\$ (25,310)	\$ (11,655,520)	\$ -
		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	4,072,534	-	(4,072,534)	-
		Total Completed Projects	<u>24,123,303</u>	<u>(25,240)</u>	<u>(24,098,063)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 41,562,596</u>	<u>\$ (20,608)</u>	<u>\$ (41,569,130)</u>	<u>\$ (27,142)</u>

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SCHEDULE C

CITY OF VISTA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2023

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2023	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2023	June 30, 2022
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)	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026	VISTA15/46	2,148,210	-	(394,568)	-	1,753,642	2,006,855	
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	166,037	
For Fiscal Year ended June 30, 2023	June 30, 2030		451,619	-	-	-	451,619	-	
Interest Income			-	263,139	-	-	263,139	212,889	
Total RTCIP Funds			4,209,632	263,139	(1,098,805)	-	3,373,966	3,125,310	
GASB 31 Market Value Adjustment			-	2,682	-	-	2,682	(156,539)	
Total RTCIP Funds			\$ 4,209,632	\$ 265,821	\$ (1,098,805)	\$ -	\$ 3,376,648	\$ 2,968,771	

COUNTY OF SAN DIEGO, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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 \$11,050,733. We selected \$4,685,944 (42.40%) 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 for FY23.

- 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

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 \$1,042,975 of indirect costs were charged to the *TransNet* program, which resulted in an average indirect cost rate of 9.44% 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 during FY 2023 by the County's Auditor & Controller Department. 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 which would have 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: 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, 2024.

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 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 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: We noted that 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 2024.

- 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 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 2023 apportionment	\$21,732,063
Less: debt service payment	<u>(992,013)</u>
Net estimated apportionment	20,740,050
30% base	<u>30%</u>
Fiscal year 2023 30% threshold	<u>6,222,015</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	4,091,977
Maintenance fund balance	<u>150,070</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>4,242,047</u>
Fund balance under apportionment	<u>\$1,979,968</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 2023 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2023 are as follows:

	<u>Funds Held by County</u>	<u>Funds Held by SANDAG</u>	<u>Total</u>
Congestion Relief	\$4,091,977	\$ 11,230,282	\$ 15,322,259
Maintenance	<u>150,070</u>	<u>68,717,758</u>	<u>68,867,828</u>
Totals	<u>\$4,242,047</u>	<u>\$ 79,948,040</u>	<u>\$ 84,190,087</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 4.44% of cumulative local street and road revenue for maintenance as indicated below:

	<u>County</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$156,105,322	\$ 6,456,339	\$162,561,661
Maintenance	10,358,090	66,936,500	77,294,590
Interest	<u>1,807,981</u>	<u>6,555,201</u>	<u>8,363,182</u>
Total local street and road revenue	<u>\$168,271,393</u>	<u>\$79,948,040</u>	<u>\$248,219,433</u>
30% of total local street and road revenue			\$ 74,465,830
Less maintenance expenditures incurred to date			<u>(11,011,411)</u>
Available maintenance funds			<u>\$ 63,454,419</u>
Cumulative percentage expended for maintenance			<u>4.44%</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 as shown on the following page:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Adjustment</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Interest</u> <u>Payments</u>
2008 Bonds	\$14,978,163	\$ -	\$ 706,251	\$14,271,912	\$285,746
2012 Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>
Total	<u>\$15,153,313</u>	<u>\$ -</u>	<u>\$ 706,251</u>	<u>\$14,271,912</u>	<u>\$285,762</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: The County did not collect the correct exaction fee for 784 out of 897 unit 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 County did not incur RTCIP expenditures for the fiscal year ending June 30, 2023.

- vi. If unallowable expenditures were identified in procedure 13.c.v, 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, 2023.

- 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 for fiscal year ending June 30, 2023.

- 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 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 16, 2023.

- 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: 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 County's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2023. 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
_____, 2024

COUNTY OF SAN DIEGO, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2023

(1) Need to Use Approved Exaction Fee

The County did not consistently collect the required exaction fee amount of \$2,688.21 during the fiscal year ended June 30, 2023. For 784 units out of 897 units, the exaction fees were inputted incorrectly into the system as \$2,688.12. This resulted in an under-collection of the exaction fee in the total amount of \$70.56.

<u>Number of units</u>	<u>Amount Required</u>	<u>Amount Charged</u>	<u>Variance</u>
784	\$2,107,556.64	\$2,107,486.08	\$70.56

SANDAG Board recommendations as of February 9, 2022 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 \$2,635.50 to \$2,688.21 beginning July 1, 2022."

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 County recover the under-collection of exaction fees in the amount of \$70.56. Additionally, we recommend that the County ensure the correct exaction fee for the applicable fiscal year be inputted into the system.

Management Response

The County will recover the under-collected exaction fees totaling \$70.56 for 784 units from the General Fund before fiscal year end June 30, 2024. Exaction fees are updated each year in our ERP system and billing system before the commencement of each fiscal year. County Program and Financial Services staff will review, compare, and validate the approved rates upon notification of the new rate and effective date from SANDAG. County staff have been reminded and re-trained on updating permit fees annually and will monitor for any inconsistencies 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, 2022 through June 30, 2023.

"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 County, 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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2023	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	85,522	105,000	37	(185,275)	-	5,284	
CNTY21	1003030	Bradley Avenue	145,225	2,278,000	5,294	(1,663,618)	-	764,901	
CNTY24	1003046	Cole Grade - High School	(138,553)	1,822,000	4,475	(1,041,355)	-	646,567	
CNTY34	1009589	Dye Road Extension	14,459	-	93	(1,058)	-	13,494	
CNTY35	1009591	Ramona Street Extension	10,848	-	68	(1,058)	-	9,858	
CNTY82	1010313	Alpine Blvd	48,272	-	336	-	-	48,608	(b)
CNTY86	1025051	ADA Ramps 21/22	768,159	8,238,000	23,335	(5,657,667)	-	3,371,827	
CNTY86	1025064	AC Overlay 22/23 North	-	-	-	(1,217,341)	-	(1,217,341)	(c)
CNTY88	1018734	Ashwood St Corridor	61,029	991,000	3,090	(608,623)	-	446,496	
CNTY99	1026130	Etcheverry St Paving	-	20,000	16	(17,733)	-	2,283	
		Total Congestion Relief	994,961	13,454,000	36,744	(10,393,728)	-	4,091,977	
Maintenance:									
CNTY90	1020776	Camino Del Rey Drainage	269,924	132,000	1,039	(252,893)	-	150,070	
		Total Maintenance	269,924	132,000	1,039	(252,893)	-	150,070	

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2022</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>County Adjustments</u>	<u>Project Status June 30, 2023</u>	<u>Notes</u>
		Total Local Street Improvements	\$ 1,264,885	\$ 13,598,500	\$ 37,783	\$ (10,659,121)	\$ -	\$ 4,242,047	
		Smart Growth Incentive Program:							
CNTY96	5005476	Casa De Oro - Campo Road Specific Plan	-	179,037	-	(179,037)	-	-	
		Total Smart Growth Incentive Program	-	179,037	-	(179,037)	-	-	
		Competitive Land Management Grant:							
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	(149,434)	168,767	-	(129,460)	-	(110,127)	(c)
V08	500XXXX	Rancho Lilac Resource Management Plan	-	83,115	-	(83,115)	-	-	
		Total Competitive Land Management Grant	(149,434)	251,882	-	(212,575)	-	(110,127)	
		Total <i>TransNet</i> Extension	\$ 1,115,451	\$ 14,029,419	\$ 37,783	\$ (11,050,733)	\$ -	\$ 4,131,920	

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) 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 2024.
- (c) Negative project status balance is due to qualifying expenditures incurred during the fiscal year. The remaining reimbursement will be received in FY23-24.

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SAN54/ CNTY81		Regional Arterial Management Systems	\$ 137,500	\$ -	\$ (137,500)	\$ -
		Total Congestion Relief - Pass-Through	<u>137,500</u>	<u>-</u>	<u>(137,500)</u>	<u>-</u>
Congestion Relief:						
CNTY14A	1010123	South Santa Fe - South	1,197,312	3,614	(1,195,642)	5,284
CNTY21	1003030	Bradley Avenue	11,245,617	96,370	(10,577,086)	764,901
CNTY24	1003046	Cole Grade - High School	7,368,000	59,959	(6,781,392)	646,567
CNTY34	1009589	Dye Road Extension	979,405	2,047	(967,958)	13,494
CNTY35	1009591	Ramona Street Extension	835,330	20,080	(845,552)	9,858
CNTY82	1010313	Alpine Blvd	5,794,000	12,855	(5,758,247)	48,608
CNTY86	1025051	ADA Ramps 21/22	9,052,861	27,818	(5,708,852)	3,371,827
CNTY86	1025064	AC Overlay 22/23 North	-	-	(1,217,341)	(1,217,341)
CNTY88	1018734	Ashwood St Corridor	3,160,000	21,424	(2,734,928)	446,496
CNTY99	1026130	Etcheverry St Paving	<u>20,000</u>	<u>16</u>	<u>(17,733)</u>	<u>2,283</u>
		Total Congestion Relief	<u>39,652,525</u>	<u>244,183</u>	<u>(35,804,731)</u>	<u>4,091,977</u>
Maintenance:						
CNTY90	1020776	Camino Del Rey Drainage	<u>1,451,949</u>	<u>27,203</u>	<u>(1,329,082)</u>	<u>150,070</u>
		Total Maintenance	<u>1,451,949</u>	<u>27,203</u>	<u>(1,329,082)</u>	<u>150,070</u>
		Total Local Street Improvements	<u>41,241,974</u>	<u>271,386</u>	<u>(37,271,313)</u>	<u>4,242,047</u>

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
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	499,999	-	(499,999)	-
CNTY97	5005477	Valley Center Community Plan Update	286,257	-	(286,257)	-
Total Smart Growth Incentive Program			831,577	-	(831,577)	-
Competitive Land Management Grant:						
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	1,448,054	-	(1,558,181)	(110,127)
V08	500XXXX	Rancho Lilac Resource Management Plan	83,115	-	(83,115)	-
Total Competitive Land Management Grant			1,531,169	-	(1,641,296)	(110,127)
Subtotal Cumulative <i>TransNet</i> Extension			43,604,720	271,386	(39,744,186)	4,131,920
Completed Projects:						
LSI - Congestion Relief Pass Through			36,000	-	(36,000)	-
LSI - Congestion Relief			116,279,297	760,407	(117,039,704)	-
LSI - Maintenance			8,906,141	776,188	(9,682,329)	-
Bikes and Pedestrians			625,000	-	(625,000)	-
Competitive Land Management Grant			915,288	-	(915,288)	-
Total Completed Projects			126,761,726	1,536,595	(128,298,321)	-
Total Cumulative <i>TransNet</i> Extension			\$ 170,366,446	\$ 1,807,981	\$ (168,042,507)	\$ 4,131,920

COUNTY OF SAN DIEGO, CALIFORNIA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2023

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds committed at June 30, 2023	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	County Adjustments		June 30, 2023	June 30, 2022	
For Fiscal Year ended June 30, 2016	June 30, 2023	CNTY89	\$ 1,506,988	\$ 4,979	\$ (1,511,967)	\$ -	\$ -	\$ -		
For Fiscal Year ended June 30, 2017	June 30, 2024	CNTY89	1,455,074	82,163	(894,629)	-	(642,608)	642,608	671,845	
For Fiscal Year ended June 30, 2018	June 30, 2025		2,646,555	230,266	-	-	-	2,876,821	2,807,496	
For Fiscal Year ended June 30, 2019	June 30, 2026		2,245,234	172,149	-	-	-	2,417,383	2,359,130	
For Fiscal Year ended June 30, 2020	June 30, 2027		2,508,395	143,951	-	-	-	2,652,346	2,588,431	
For Fiscal Year ended June 30, 2021	June 30, 2028		2,308,647	91,851	-	-	-	2,400,498	2,342,412	
For Fiscal Year ended June 30, 2022	June 30, 2029		4,012,222	124,004	-	-	-	4,136,226	4,037,181	
For Fiscal Year ended June 30, 2023	June 30, 2030		2,454,952	61,048	-	-	-	2,516,000	-	
Total RTCIP Funds			\$ 19,138,067	\$ 910,411	\$ (2,406,596)	\$ -	\$ (642,608)	17,641,882	\$ 14,806,495	(a)

(a) Interest income and project expenditures for FYs 17 through 23 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, 2023

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, 2023. ITOC’s management is responsible for compliance with the Ordinances and Board Policy.

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, 2023. 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, 2023.
 - 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 \$279,498. We selected \$81,698 (29.23%) 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 \$134,498, which represented 48.12% 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 \$134,498, 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, 2023 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, 2023.

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, 2023. 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
_____, 2024

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GLOSSARY OF TERMS

“Current Fiscal Year” means the fiscal period of July 1, 2022 through June 30, 2023.

“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, 2023

<u>Project Name</u>	<u>Status July 1, 2022</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Committee Adjustments</u>	<u>Status June 30, 2023</u>
<i>TransNet</i> Extension:						
Independent Taxpayer Oversight Committee	\$ 173,113	\$ 461,610	\$ 7,180	\$ (279,498)	\$ -	\$ 362,405
Total <i>TransNet</i> Extension	\$ 173,113	\$ 461,610	\$ 7,180	\$ (279,498)	\$ -	\$ 362,405

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INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
 Cumulative Schedule of Status of Funds
 Year Ended June 30, 2023

<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Status June 30, 2023</u>
<i>TransNet</i> Extension:				
Independent Taxpayer Oversight Committee	\$ 4,263,498	\$ 55,970	\$ (3,957,063)	\$ 362,405
Total Cumulative <i>TransNet</i> Extension	\$ 4,263,498	\$ 55,970	\$ (3,957,063)	\$ 362,405

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SAN DIEGO METROPOLITAN TRANSIT SYSTEM

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

Year Ended June 30, 2023

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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 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, 2023. 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, 2023. 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: This procedure is not applicable as there were no footnotes in Schedule A to be substantiated.

- 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 \$89,720,120. We selected \$23,290,439 (25.96%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: MTS allocated indirect costs to MPO ID MTS33A and SAN80 included in the RTIP for the year ended June 30, 2023 at an overhead rate of 37.3% and a fringe rate of 50.62%. The total dollar amount of indirect costs charged was \$156,923, which represented a 0.17% of total *TransNet* expenditures. MTS has a formal Indirect Cost Plan that was approved by the Federal Transit Administration in XXXXX for the fiscal year ending June 30, 2023. 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' 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, 2023.

- 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: This procedure is not applicable as there were no completed projects for the fiscal year ended June 30, 2023.

- 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, 2023.

- 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, 2023 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 2023 apportionment	\$1,209,612	\$45,602,380
Less: debt service payment	_____ -	_____ -
Net estimated apportionment 30% base	1,209,612 _____ 30%	45,602,380 _____ 30%
Fiscal year 2023 30% threshold	_____ 362,884	_____ 13,680,714
Less:		
Fund balance	_____ -	_____ -
Fund balance under apportionment	\$ _____ 362,884	\$ _____ 13,680,714

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 is no long-term debt outstanding as of June 30, 2023.

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 2023 was (1.83)%. The change in total operating cost per revenue vehicle hour for bus services was 14.60% and the change in total operating cost per revenue vehicle mile for rail services was 12.10%. Therefore, MTS was not in compliance with both the bus and rail operator eligibility requirements. See Finding 1 in the Findings and Recommendations section of this report.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2023</u>	<u>2022</u>	<u>Growth Rate</u>
Operating cost for buses	\$215,732,636	\$201,589,171	
Revenue vehicle hours	1,880,383	2,013,662	
Total operating cost per revenue vehicle hour	\$114.73	\$100.11	14.60%
Consumer Price Index	286.586	291.916	(1.83)%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2023</u>	<u>2022</u>	<u>Growth Rate</u>
Operating cost for rail	\$128,237,421	\$104,704,575	
Revenue vehicle miles	12,700,555	11,626,878	
Total operating cost per revenue vehicle mile	\$10.10	\$9.01	12.10%
Consumer Price Index	286.586	291.916	(1.83)%

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: 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 MTS's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2023. 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

_____, 2024

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

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

Findings and Recommendations

Year Ended June 30, 2023

(1) **Increase in Operating Cost per Revenue Vehicle Hours and Miles Exceeded Increase in CPI**

MTS' increase in its operating cost per revenue vehicle hours and miles from June 30, 2022 to June 30, 2023 for both bus and rail services exceeded the decrease in the Consumer Price Index (CPI) for San Diego County. The CPI decreased by 1.83% while the operating cost per revenue vehicle hour for bus services increased by 14.60% and the operating cost per revenue vehicle mile for rail services increased by 12.10%.

Section 4C of the *TransNet* Ordinance states, in part:

"...To maintain eligibility for the receipt of funds under Section 4(C), a transit operator must list the increase in its total operating cost per revenue vehicle hour for bus services or the increase in its total operating cost per revenue vehicle mile for rail services from one fiscal year to the next to no more than the increase in the Consumer Price Index for San Diego County over the same period..."

Additionally, Section 4C.5 of the *TransNet* Extension Ordinance and Expenditure Plan states, in part:

"...If there were unusual circumstances in a given year, the operator may request the approval of the Commission to calculate the requirement as an average over the previous three years. The operator may also request the approval of the Commission to exclude from the calculation certain cost increases that were limited to, increases in the cost for fuel, insurance premiums, or new states or federal mandates."

Recommendation

We recommend that MTS investigate options such as requesting approval from SANDAG's Board of Directors to exclude costs increases from the prior year, use a three-year average or combination of the two options.

Management Response

MTS has submitted to SANDAG a request to calculate the eligibility requirement using the three-year average calculations as provided in Section 4(C)(5) of the *TransNet* Extension and Ordinance, due to unusual circumstances in the current fiscal year. As this fiscal year reflects an annual decrease in CPI, regional and national inflationary pressures continue. MTS's continued focus on fiscal responsibility continues, though, and is reflected in MTS's 3-year average percentages below the CPI 3-year average. The request will be presented at the Independent Taxpayer Oversight Committee meeting on March 12, 2024, and at the Transportation Committee and SANDAG Board of Directors meeting on April 5, 2024.

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 2023 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2022, through June 30, 2023.

"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, 2023

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2022</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>MTS Adjustments</u>	<u>Project Status June 30, 2023</u>
TransNet Extension:								
Operating:								
Senior and Disabled Transportation:								
MTS 33A	47130	MTS Access	\$ -	\$ 1,451,786	\$ -	\$ (1,451,786)	\$ -	\$ -
Total Senior and Disabled Transportation			-	1,451,786	-	(1,451,786)	-	-
Transit and Trolley:								
MTS 32A	47110	MTS Preventive Maintenance	-	54,564,327	-	(54,564,327)	-	-
Major Transit Corridor Operations:								
SAN 80	47140	SuperLoop	-	2,416,153	-	(2,416,153)	-	-
SAN 80	47150	Bus Rapid Transit	-	7,356,643	-	(7,356,643)	-	-
SAN 80	47170	Mid City Bus Rapid Transit	-	2,842,633	-	(2,842,633)	-	-
SAN 80	47180	South Bay Bus Rapid Transit	-	6,125,462	-	(6,125,462)	-	-
SAN 80	47190	MidCoast	-	14,963,116	-	(14,963,116)	-	-
Total Major Transit Corridor Operations			-	33,704,007	-	(33,704,007)	-	-
Total Transit and Trolley			-	88,268,334	-	(88,268,334)	-	-
Total Operating			-	89,720,120	-	(89,720,120)	-	-
Total <i>TransNet</i> Extension			\$ -	\$ 89,720,120	\$ -	\$ (89,720,120)	\$ -	\$ -

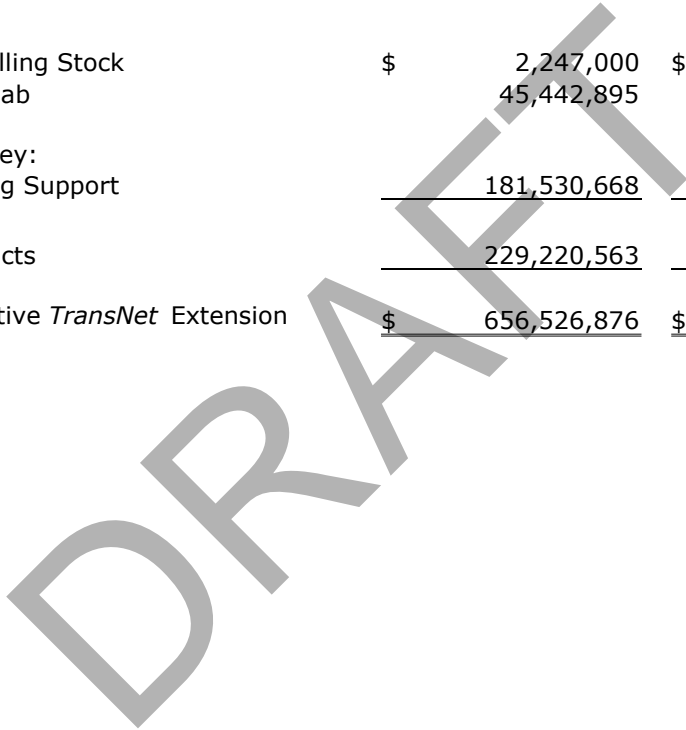
SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension						
Operating:						
Senior and Disabled Transportation:						
MTS 33A	47130	MTS Access	\$ 12,177,541	\$ -	\$ (12,177,541)	\$ -
		Total Senior and Disabled Transportation	12,177,541	-	(12,177,541)	-
Transit and Trolley:						
MTS 32A	47110	MTS Preventative Maintenance	266,784,093	-	(266,784,093)	-
Major Transit Corridor Operations:						
SAN 80	47140	SuperLoop	22,178,545	-	(22,178,545)	-
SAN 80	47150	Bus Rapid Transit	68,620,595	-	(68,620,595)	-
SAN 80	47170	Mid City Bus Rapid Transit	16,904,027	-	(16,904,027)	-
SAN 80	47180	South Bay Bus Rapid Transit	25,678,396	-	(25,678,396)	-
SAN 80	47190	MidCoast	14,963,116	-	(14,963,116)	-
		Total Major Transit Corridor Operations	148,344,679	-	(148,344,679)	-
		Total Transit and Trolley	415,128,772	-	(415,128,772)	-
		Total Operating	427,306,313	-	(427,306,313)	-
		Subtotal Cumulative <i>TransNet</i> Extension	427,306,313	-	(427,306,313)	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
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			\$ 656,526,876	\$ -	\$ (656,526,876)	\$ -



NORTH COUNTY TRANSIT DISTRICT

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

Year Ended June 30, 2023

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, B, and C, as applicable, for the fiscal year ended June 30, 2023. NCTD's 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 NCTD with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2023. 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 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 NCTD's 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: NCTD recorded total *TransNet* expenditures in the amount of \$27,836,599. We selected \$9,605,680 (34.51%) 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 expenditures 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). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

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: 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: This procedure is not applicable as there were no completed projects for the fiscal year ended June 30, 2023.

- 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, 2023.

- 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.
- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.
- Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
- m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.
- Results: This procedure is not applicable as NCTD had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension). We reviewed the ending balances at June 30, 2023 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: 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 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 2023 apportionment	\$490,235	\$18,481,859
Less: debt service payment	<u>-</u>	<u>(1,423,863)</u>
Net estimated apportionment	490,235	17,057,996
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2023 30% threshold	<u>147,070</u>	<u>5,117,399</u>
Less:		
Fund balance	<u>-</u>	<u>-</u>
Fund balance under apportionment	<u>\$ 147,070</u>	<u>\$5,117,399</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 <u>July 1, 2022</u>	<u>Additions</u>	Principal <u>Payments</u>	Balance <u>June 30, 2023</u>	Interest <u>Payments</u>
Commercial Paper	\$20,450,000	\$ -	\$(1,350,000)	\$19,100,000	\$(73,863)

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 2023 was (1.83)%. The change in total operating cost per revenue vehicle hour for bus services was 17.89% and the change in total operating cost per revenue vehicle mile for rail services was 1.95%, and thus NCTD was not in compliance with both requirements. See Finding 1 in the Findings and Recommendations section of this report.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2023</u>	<u>2022</u>	<u>Growth Rate</u>
Operating cost for buses	\$70,906,316	\$62,209,246	
Revenue vehicle hours	446,040	461,315	
Total operating cost per revenue vehicle hour	\$158.97	\$134.85	17.89%
Consumer Price Index	286.586	291.916	(1.83)%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2023</u>	<u>2022</u>	<u>Growth Rate</u>
Operating cost for rail	\$66,964,770	\$62,854,203	
Revenue vehicle miles	917,029	877,589	
Total operating cost per revenue vehicle mile	\$73.02	\$71.62	1.95%
Consumer Price Index	286.586	291.916	(1.83)%

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: 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 NCTD's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2023. 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
_____, 2024

DRAFT

**NORTH COUNTY TRANSIT DISTRICT
OCEANSIDE, CALIFORNIA**

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

Findings and Recommendations (Continued)

Year Ended June 30, 2023

(1) Increase in Operating Cost per Revenue Vehicle Hours and Miles Exceeded Increase in CPI

North County Transit District's (NCTD's) increase in its operating cost per revenue vehicle hours and miles from June 30, 2022 to June 30, 2023 for bus and rail services exceeded the increase in the Consumer Price Index (CPI) for San Diego County. The CPI decreased by 1.83% while the operating cost per revenue vehicle hour for bus services increased by 17.89% and operating cost per revenue vehicle mile for rail services increased by 1.95%.

Section 4C of the *TransNet* Ordinance states, in part:

"...To maintain eligibility for the receipt of funds under Section 4(C), a transit operator must list the increase in its total operating cost per revenue vehicle hour for bus services or the increase in its total operating cost per revenue vehicle mile for rail services from one fiscal year to the next to no more than the increase in the Consumer Price Index for San Diego County over the same period..."

Additionally, Section 4C.5 of the *TransNet* Extension Ordinance and Expenditure Plan states, in part:

"...If there were unusual circumstances in a given year, the operator may request the approval of the Commission to calculate the requirement as an average over the previous three years. The operator may also request the approval of the Commission to exclude from the calculation certain cost increases that were limited to, increases in the cost for fuel, insurance premiums, or new state or federal mandates."

Recommendation

We recommend that NCTD investigate options such as requesting approval from SANDAG's Board of Directors to exclude cost increases from the prior year, use a three-year average or a combination of the two options.

Management Response

Under Section 4(C)(5) of the *TransNet* Extension and Ordinance (Ordinance), to maintain eligibility for the receipt of *TransNet* funds under Section 4(C), a transit operator must limit the increase in its total operating cost per revenue vehicle hour for bus services or the increase in its total operating cost per revenue vehicle mile for rail

**NORTH COUNTY TRANSIT DISTRICT
OCEANSIDE, CALIFORNIA**

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

Findings and Recommendations (Continued)

Year Ended June 30, 2023

(1) Increase in Operating Cost per Revenue Vehicle Hours and Miles Exceeded Increase in CPI (Continued)

services from one (1) fiscal year to the next to no more than the increase in the Consumer Price Index for San Diego County over the same period. If there were unusual circumstances in a given fiscal year, the operator may request the approval of the Commission to calculate the requirement as an average over the previous three (3) fiscal years. The operator may also request the approval of the Commission to exclude from the calculation certain cost increases that were due to external events entirely beyond the operator’s control, including, but not limited to, increases in the costs for fuel, insurance premiums, or new state or federal mandates.

Following the reopening of the economy in 2021, supply chain disruptions and greater consumer demand for goods caused higher inflation. The U.S. economy was sustained by trillions of dollars of liquidity provided by multiple relief packages passed by Congress. San Diego County’s 12-month inflation measured just 1.7% in January 2021, then soared to 8.3% by May 2022 (a 41-year high) and ended at 5.2% in May 2023. The Transportation CPI utilized by the Ordinance measures the change in prices for transportation costs, which includes new and used motor vehicles, motor fuel, vehicle maintenance and insurance, and airfares. The Transportation CPI does not reflect the complete makeup of NCTD’s operating costs, which is largely driven by labor costs and include wages and benefits, professional services, and purchased transportation (together, these costs accounted for 83% NCTD’s operating costs in FY2023). The Transportation CPI declined by 1.83% during FY2023, while the All Items CPI increased by 5.2%.

Request for 3-Year Average for Rail Services

As permitted by the Ordinance, NCTD is requesting the approval of the Commission to utilize a 3-year average for the purpose of calculating the increase in operating cost per revenue vehicle mile for rail services, which will allow NCTD to be in compliance with the Ordinance as illustrated in the calculation below:

	FY 2023	FY 2022	FY 2021	FY 2020	3-Year Average
Transportation CPI	286.586	291.916	247.856	220.500	
Change in CPI	-1.83%	17.78%	12.41%		9.45%
Operating costs	\$66,569,053	\$60,070,772	\$46,404,889	\$45,410,632	
Revenue vehicle miles	917,029	877,589	662,745	749,139	
Ratio	\$ 72.59	\$ 68.45	\$ 70.02	\$ 60.62	
Change in ratio	6.05%	-2.24%	15.51%		6.44%

**NORTH COUNTY TRANSIT DISTRICT
OCEANSIDE, CALIFORNIA**

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

Findings and Recommendations (Continued)

Year Ended June 30, 2023

(1) Increase in Operating Cost per Revenue Vehicle Hours and Miles Exceeded Increase in CPI (Continued)

Request for 3-Year Average and Increase in Costs Exclusion for Bus Services

During FY2023, NCTD contracted with MV Transportation (MV) for the operations and maintenance of all bus modes of service (BREEZE, LIFT, FLEXT). This contract, which is largely a fixed-price contract, bears cost escalators at the maximum of the San Diego Consumer Price Index (CPI) year-over-year percentage increase or 3%. During FY2023, NCTD’s contract with MV was adjusted upward by 3%. Furthermore, as result of labor shortages caused by the COVID-19 pandemic, NCTD experienced acute labor shortages of bus operators and mechanics through FY2022 and FY2023, and NCTD had to temporarily reduce the frequency on certain bus routes beginning in April 2022 as result of missed trips and cancellations due to the operators shortage. NCTD also had to fund wages and benefit increases for new and existing bus operators in order to retain and attract candidates. The changes included a new wage tier for new hires, which increased starting pay to \$22 per hour (a 19% increase).

As permitted by the Ordinance, NCTD is requesting the approval of the Commission to utilize a 3-year average and exclude the FY2023 increase in the MV contract for the purpose of calculating the increase in operating cost per revenue vehicle mile hour for bus services, which will allow NCTD to be in compliance with the Ordinance as illustrated in the calculation below:

	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>3-Year Average</u>
Transportation CPI	286.586	291.916	247.856	220.500	
Change in CPI	-1.83%	17.78%	12.41%		9.45%
<u>Bus Services</u>					
Operating costs	\$63,880,456	\$59,648,926	\$57,305,029	\$57,672,372	
Revenue vehicle hours	446,040	461,315	475,203	503,957	
Ratio	\$143.22	\$129.30	\$120.59	\$114.44	
Change in ratio	10.76%	7.22%	5.38%		7.79%

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 2023 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2022, through June 30, 2023.

"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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2023	Notes
TransNet Extension:									
Operating:									
Senior and Disabled Transportation:									
NCTD03	N/A	Elderly and Disabled	\$ -	\$ 465,000	\$ -	\$ (465,000)	\$ -	\$ -	
		Total Senior and Disabled Transportation	-	465,000	-	(465,000)	-	-	
Transit:									
NCTD16B	N/A	Oceanside to Escondido Rail - SPRINTER Debt Service	-	1,900,000	-	(1,900,000)	-	-	
NCTD34	N/A	Transit Service Operating Support	-	15,360,000	-	(15,360,000)	-	-	
		Total Transit	-	17,260,000	-	(17,260,000)	-	-	
		Total Operating	-	17,725,000	-	(17,725,000)	-	-	
Capital:									
Major Corridor:									
SAN80	N/A	COASTER Expanded Service	-	7,009,760	-	(7,210,257)	(2,290,702)	(2,491,199)	(a)(b)
SAN260	420009	COASTER Train Sets	(9,083,537)	9,292,138	-	(2,901,342)	-	(2,692,741)	(b)
		Total Major Corridor	(9,083,537)	16,301,898	-	(10,111,599)	(2,290,702)	(5,183,940)	
		Total <i>TransNet</i> Extension	\$ (9,083,537)	\$ 34,026,898	\$ -	\$ (27,836,599)	\$ (2,290,702)	\$ (5,183,940)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ (9,083,537)	\$ 34,026,898	\$ -	\$ (27,836,599)	\$ (2,290,702)	\$ (5,183,940)	

Note:

- (a) Adjustment of \$2,290,702 was the amount due from SANDAG as of June 30, 2022, which is the net of FY2022 funds received of \$3,324,205 less project expenditures of \$5,614,907.
- (b) Due as of June 30, 2023; 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, 2023

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2023
TransNet Extension:						
Operating:						
Senior and Disabled Transportation:						
NCTD03	N/A	Elderly and Disabled	\$ 4,930,325	\$ -	\$ (4,930,325)	\$ -
		Total Senior and Disabled Transportation	<u>4,930,325</u>	<u>-</u>	<u>(4,930,325)</u>	<u>-</u>
Transit:						
NCTD16B	N/A	Oceanside to Escondido Rail Operations	24,855,112	-	(24,855,112)	-
NCTD34	N/A	Transit Service Operating Support	159,427,189	-	(159,427,189)	-
		Total Transit	<u>184,282,301</u>	<u>-</u>	<u>(184,282,301)</u>	<u>-</u>
Major Corridor:						
SAN 80	N/A	COASTER Expanded Service	10,333,965	-	(12,825,164)	(2,491,199)
SAN260	420009	COASTER Train Sets	12,920,000	-	(15,612,741)	(2,692,741)
		Total Major Corridor	<u>23,253,965</u>	<u>-</u>	<u>(28,437,905)</u>	<u>(5,183,940)</u>
		Total Operating	<u>212,466,591</u>	<u>-</u>	<u>(217,650,531)</u>	<u>(5,183,940)</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>\$ 287,907,191</u>	<u>\$ 454,833</u>	<u>\$ (293,545,964)</u>	<u>\$ (5,183,940)</u>

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA

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

Year Ended June 30, 2023

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, 2023. 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, 2023. 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, 2023.

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 \$117,718,836. We selected \$30,988,804 (26.32%) for testing. No exceptions were noted as a result of our procedures.

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

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

iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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. We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: SANDAG allocated indirect costs to projects included in the RTIP for the year ended June 30, 2023. SANDAG allocates indirect costs at a rate of 109.14% of direct labor costs associated with each project. SANDAG allocated a total of \$6,338,887 of indirect costs to projects, resulting in 5.38% 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 during FY 2023, 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: 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 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 is no long-term debt outstanding as of June 30, 2023.

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 \$58,079,764 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, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2023</u>
Commercial Paper	\$5,677,132	\$385,630	\$-	\$6,062,762
2008 Bonds	35,029,282	1,751,494	-	36,780,776
2010 Bonds	2,930,565	5,445	-	2,936,010
2012 Bonds	2,338,585	-	-	2,338,585
2014 Bonds	1,308,523	3,967	-	1,312,490
2016 Bonds	1,216,662	4,378	-	1,221,040
2017 TIFIA Loan	1,256,300	40,373	-	1,296,673
2018 Short Term	1,568,812	-	-	1,568,812
2019 Bonds	1,442,779	1,864	-	1,444,642
2020 Bonds	420,622	2,780	-	423,402
2021 Bonds	1,336,919	4,180	-	1,341,099
2021 Note	964,155	2,450	-	966,605
2020 Bonds	184,734	199,632	-	384,366
2021 TIFIA Loan	-	2,500	-	2,500
Total	\$55,675,070	\$2,404,695	\$-	\$58,079,764

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 note as a result of our procedures.

b. We reviewed the administrative expenditure project numbers and ensured only projects approved in the 2023 Budget were included in administrative expenditures.

Results: SANDAG recorded total administrative expenditures in the amount of \$10,100,092. We reviewed the detail of administrative expenditures and noted the following cost centers included within:

<u>Category</u>	<u>Amount Expended</u>
Payroll Expenses	\$ 6,856,481
Operational Expenses	2,995,268
Board of Directors	184,798
Legal Fees	<u>63,545</u>
Total	<u>\$10,100,092</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 \$10,100,092. We selected \$2,878,844 (28.50%) for testing. No exceptions were noted as a result of our procedures.

d. If unallowable expenditures were identified in step 11.c 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.c.

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 \$6,856,481, which represented 67.89% 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 2023 *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, 2023.

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, 2023. 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
_____, 2024

DRAFT

GLOSSARY OF TERMS

Definitions

"Current Fiscal Year" means the fiscal period of July 1, 2022 through June 30, 2023.

"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, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2023	Notes
TransNet Extension:								
Administration:								
		SANDAG 2% Administration	\$ 1,680,820	\$ 8,594,704	\$ (10,100,092)	\$ -	\$ 175,432	
		Total Administration	1,680,820	8,594,704	(10,100,092)	-	175,432	
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass Through:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	1,227	(1,227)	-	-	
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	-	184,280	(184,280)	-	-	
		Total BPNS - Pass Through	-	185,507	(185,507)	-	-	
BPNS:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	1,852	(1,852)	-	-	
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	137,447	(137,447)	-	-	
SAN153	1223023	Inland Rail Trail	-	(256,123)	256,123	-	-	(a)
SAN153	1223094	Inland Rail Trail Ph 3	-	852,855	(852,855)	-	-	
SAN153	1223095	Inland Rail Trail Ph 4	-	39,510	(39,510)	-	-	
		Total SAN153	-	636,242	(636,242)	-	-	
SAN154	1129900	Bayshore Bikeway Segment 8B	-	(995)	995	-	-	(a)
SAN155	1223016	Coastal Rail Trail - Rose Creek	-	81,877	(81,877)	-	-	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	10,094	(10,094)	-	-	
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	-	1,632,473	(1,632,473)	-	-	
SAN195	1223055	Bayshore Bikeway - Barrio Logan	-	1,392,172	(1,392,172)	-	-	
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	-	8,842	(8,842)	-	-	
SAN203	1223056	San Ysidro to IB Parkway	-	395,050	(395,050)	-	-	
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	-	69,596	(69,596)	-	-	
		Subtotal BPNS	-	4,364,650	(4,364,650)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2023	Notes
		BPNS balance carried forward	\$ -	\$ 4,364,650	\$ (4,364,650)	\$ -	\$ -	
SAN205	1223057	NP to Downtown/Balboa Bikeway	-	5,864,691	(5,864,691)	-	-	
SAN206	1223058	Southeast to Downtown Bikeway	-	253,433	(253,433)	-	-	
SAN230	1223079	North Park/Mid-City Bikeways: Howard Bikeway	1,341,756	50,216	(50,216)	(1,341,756)	-	(b)
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	-	190,562	(190,562)	-	-	
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	-	452,457	(452,457)	-	-	
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	-	605,365	(605,365)	-	-	
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	-	425,653	(425,653)	-	-	
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	-	8,952	(8,952)	-	-	
SAN272	1223093	GObyBIKE San Diego: Construction Outreach Program	-	118,844	(118,844)	-	-	
SAN284	1223087	North Park/Mid-City Orange Bikeway	(1,341,756)	188,609	(188,609)	1,341,756	-	(b)
		Total BPNS	-	12,523,432	(12,523,432)	-	-	
		Senior Services Pass Through:						
SAN70	1271000	Jewish Family Services - Rides and Smiles	-	242,620	(242,620)	-	-	
SAN70	1271800	On the Go (Eastern San Diego)	-	229,244	(229,244)	-	-	
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and	-	210,171	(210,171)	-	-	
		Total SAN70	-	682,035	(682,035)	-	-	
SAN87	1272700	Elderhelp - Volunteer Driver Program	-	126,187	(126,187)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	51,914	(51,914)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	280,438	(280,438)	-	-	
SAN168	1271900	FACT Mobility Management	-	412,201	(412,201)	-	-	
SAN185	1270800	FACT MedRide	-	204,401	(204,401)	-	-	
SAN278	1270800	FACT MedRide	-	12,779	(12,779)	-	-	
SAN279	1272600	RIDEFinder	-	50,036	(50,036)	-	-	
		Total Senior Services Pass Through	-	1,819,991	(1,819,991)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2023	Notes
Senior Services:								
SAN40	3320201	Specialized Transportation	\$ -	\$ 180,911	\$ (180,911)	\$ -	\$ -	
		Total Senior Services	-	180,911	(180,911)	-	-	
Smart Growth Pass Through:								
CNTY96	1224055	Casa De Oro - Campo Road Specific Plan	-	19,726	(19,726)	-	-	
EL40	1224067	El Cajon Transit Center Community Connection Improvements	-	875,994	(875,994)	-	-	
EL41	1224068	Main Street - Green Street Gateway	-	83,794	(83,794)	-	-	
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Congestion Relief)	-	129,478	(129,478)	-	-	
LAM49	1224047	Complete Streets Integrated Design Manual	-	15,230	(15,230)	-	-	
LG26	1224069	Connect Main Street, Ph 1&2	-	64,855	(64,855)	-	-	
NC36	1224061	Roosevelt Avenue Corridor Smart Growth Revitalization Project	-	211,317	(211,317)	-	-	
NC37	1224062	Sweetwater Road Protected Bikeway	-	1,502,559	(1,502,559)	-	-	
NC43	1224071	Together We Plan National City	-	190,439	(190,439)	-	-	
O49	1224058	Coastal Rail Trail Extension	-	(82,238)	82,238	-	-	(a)
SAN306	1224072	Mid-City Comm SG Study Areas	-	29,976	(29,976)	-	-	
SAN307	1224073	Santee Specific Plan	-	21,607	(21,607)	-	-	
SD261	1224064	Downtown San Diego Wayfinding Signage - Cycle Network	-	43,974	(43,974)	-	-	
SD262	1224065	East Village Green Park Phase I	-	111,885	(111,885)	-	-	
		Total Smart Growth Pass Through	-	3,218,596	(3,218,596)	-	-	
Smart Growth:								
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	137,448	(137,448)	-	-	
		Total Smart Growth	-	137,448	(137,448)	-	-	
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)	-	-	
		Subtotal Local Street Improvements	-	49,400	(49,400)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2023	Notes
		Local Street Improvements balance carried forward	\$ -	\$ 49,400	\$ (49,400)	\$ -	\$ -	
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	-	11,149,429	(11,149,429)	-	-	
V08	1201333	Rare Plants 2	-	111	(111)	-	-	
V08	1201336	Invasive Species Management	-	5,071	(5,071)	-	-	
V08	1201337	San Pasqual Cactus Wren	-	36,442	(36,442)	-	-	
V08	1201338	Lower Otay Reservoir	-	12,391	(12,391)	-	-	
V08	1201345	El Monte Preserve Bat Hotel	-	533	(533)	-	-	
V08	1201347	Annie's Canyon Trail (ACT)	-	8,416	(8,416)	-	-	
V08	1201348	San Miguel HMA Perimeter	-	5,146	(5,146)	-	-	
V08	1201350	Quarry Creek Preserve Fencing	-	603	(603)	-	-	
V08	1201351	San Diego Thornmint Enhancement	-	4,993	(4,993)	-	-	
V08	1201352	Endangered Avian Nesting Site	-	60,038	(60,038)	-	-	
V08	1201357	Rare Dune Plant Restoration	-	15,510	(15,510)	-	-	
V08	1201360	Ocean Beach Estuary Enhancement	-	3,158	(3,158)	-	-	
		Total V08	-	152,412	(152,412)	-	-	
		Total Regional EMP - Pass Through	-	11,301,841	(11,301,841)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2023	Notes
Environmental Mitigation Program (EMP):								
V07	12002xx	Biological Mitigation	\$ -	\$ 5,054,197	\$ (5,054,197)	\$ -	\$ -	
V08	12003xx/12013xx	Regional Habitat Conservation Fund	-	5,065,563	(5,065,563)	-	-	
Total EMP			-	10,119,760	(10,119,760)	-	-	
Bus Rapid Transit (BRT)/Rail Operations:								
SAN80	1130100	Financial ERP System	-	1,103,646	(1,103,646)	-	-	
SAN80	1147400	Content Management	-	373,423	(373,423)	-	-	
SAN80	2300000	Transportation Analysis Model	-	1,280,634	(1,280,634)	-	-	
SAN80	2302300	Data Acquisition, Management, Govern	-	434,190	(434,190)	-	-	
SAN80	3100400	Regional Plan Implementation	-	34,249	(34,249)	-	-	
SAN80	3103000	Regional Plan Dev (2025)	-	79,609	(79,609)	-	-	
SAN80	3310703	TDM - Program & Svs Delivery	-	5,400	(5,400)	-	-	
SAN80	3310714	Mobility & Innovations Program	-	632,326	(632,326)	-	-	
SAN80	3322600	Digital Equity Action Plan Implementation	-	243,534	(243,534)	-	-	
Total BRT/Rail Operations			-	4,187,011	(4,187,011)	-	-	
Major Corridor - Pass-Through:								
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	1,529,000	(1,529,000)	-	-	
CAL09	1200509	I-5 San Elijo Bridge Replace	-	1,858,000	(1,858,000)	-	-	
CAL09	1200510	I-5 HOV Carlsbad	-	988,600	(988,600)	-	-	
Total CAL09			-	4,375,600	(4,375,600)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	888	(888)	-	-	
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	-	151,000	(151,000)	-	-	
CAL29B	1207606	SR 76 East	-	130,999	(130,999)	-	-	
CAL38	1390501	SR-905 New Freeway	-	1	(1)	-	-	
Subtotal Major Corridor - Pass-Through			-	4,658,488	(4,658,488)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2023	Notes
		Local Street Improvements balance carried forward	\$ -	\$ 4,658,488	\$ (4,658,488)	\$ -	\$ -	
CAL67	1280518	SR94 TP Lanes I-805 to I-5	-	1,000	(1,000)	-	-	
CAL68	1212501	SR94/SR125 S to E Connector	-	3,475	(3,475)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	68,318	(68,318)	-	-	
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	25,913	(25,913)	-	-	
CAL78C	1280510	I-805 South: 2 HOV and DAR	-	18,000	(18,000)	-	-	
CAL78D	1280515	I-805 South Soundwalls - Unit 1	-	1,798,000	(1,798,000)	-	-	
CAL114	1200513	SR56 Auxiliary Lane	-	409,000	(409,000)	-	-	
CAL277A	1207803	SR78/I-5 HOV Connector	-	1,046	(1,046)	-	-	
CAL550	1605201	CMCP-Coast Canyon Trails SR52	-	(1,373)	1,373	-	-	(c)
SAN23	1257001	Mid-Coast LRT Corridor Project	-	49,000	(49,000)	-	-	
SAN47	1280504	South Bay BRT	-	547	(547)	-	-	
SAN260	1239820	COASTER Train Sets	-	9,235,521	(9,235,521)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	(20,000)	20,000	-	-	(c)
SAN253	1600504	CMH Military Inst. Resilience	-	38,099	(38,099)	-	-	
V11	1201101	State Route 11	-	198,000	(198,000)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	14,422	(14,422)	-	-	
		Total Major Corridor - Pass-Through	-	16,497,456	(16,497,456)	-	-	
		Major Corridor:						
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	791,791	(791,791)	-	-	
CAL09	1200509	I-5 San Elijo Bridge Replace	-	978,268	(978,268)	-	-	
CAL09	1200510	I-5 HOV Carlsbad	-	681,636	(681,636)	-	-	
		Total CAL09	-	2,451,695	(2,451,695)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	17	(17)	-	-	
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	-	616,308	(616,308)	-	-	
CAL18B	1201520	I-15 Exp Lanes Forester Creek	-	175	(175)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	258	(258)	-	-	
		Subtotal Major Corridor	-	3,068,453	(3,068,453)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2023	Notes
		Major Corridor balance carried forward	\$ -	\$ 3,068,453	\$ (3,068,453)	\$ -	\$ -	
CAL29B	1207606	SR 76 East	(341,378)	(114,133)	10,641	-	(444,870)	(d)(e)
CAL67	1280518	SR94 TP Lanes I-805 to I-5	-	18	(18)	-	-	
CAL68	1212501	SR94/SR125 S to E Connector	-	16,627	(16,627)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	6,232	(6,232)	-	-	
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	1,165	(1,165)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	2,284	(2,284)	-	-	
CAL78D	1280515	I-805 S Soundwalls	-	8,745	(8,745)	-	-	
CAL114	1200513	SR56 Auxiliary Lane	-	14,353	(14,353)	-	-	
CAL277	1207802	I-15/SR78 HOV Connectors	-	61,248	(61,248)	-	-	
CAL277A	1207803	SR78/I-5 HOV Connector	-	414	(414)	-	-	
CA278	1207804	SR78 HOV Lanes: I-5 to I-15	-	1,567	(1,567)	-	-	
CAL398A	1200512	I-5/Genesee Auxiliary Lane	-	103,000	(103,000)	-	-	
CAL538	1206701	SR67 Improvements	-	38,728	(38,728)	-	-	
CAL550	1605201	CMCP-Coast Canyon Trails SR52	-	22,941	(22,941)	-	-	
CAL552	1685501	CMCP-Sbay to Sorrento	-	114,803	(114,803)	-	-	
CAL553	1607801	CMCP - SPRINTER/Palomar Airport Rd/SR78/SR76	-	23,881	(23,881)	-	-	
CAL614	1280516	I-805 North Construct Operational Improvements	-	14,479	(14,479)	-	-	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	33,411,932	(33,411,932)	-	-	
SAN26B	1201509	Downtown BRT Stations	-	(6,166)	6,166	-	-	(a)
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	136	(136)	-	-	
SAN29	1239812	Sorrento to Miramar Phase 2	-	384,863	(384,863)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	-	396,925	(396,925)	-	-	
SAN36	1129200	OCS Insulator/Catch Cable Replacement	-	8,794	(8,794)	-	-	
SAN46	1041502	Super Loop	-	13,039	(13,039)	-	-	
SAN47	1280504	South Bay BRT	-	321,323	(321,323)	-	-	
SAN54	1144800	Regional Arterial Detection P1	-	559	(559)	-	-	
SAN54	1147700	Next Operating System (Next OS)	-	84,452	(84,452)	-	-	
SAN54	3310500	511 ATIS	-	119,731	(119,731)	-	-	
SAN54	3311000	ITS Operations	-	819,187	(819,187)	-	-	
SAN54	3330700	TSM-Integrated Corridor Management Program	-	699,179	(699,179)	-	-	
		Total SAN54	-	1,723,108	(1,723,108)	-	-	
		Subtotal Major Corridor	(341,378)	39,638,759	(39,742,251)	-	(444,870)	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2023	Notes
		Major Corridor balance carried forward	\$ (341,378)	\$ 39,638,759	\$ (39,742,251)	\$ -	\$ (444,870)	
SAN64	1239809	Eastbrook to Shell Double Track	-	203,040	(203,040)	-	-	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	14,246	(14,246)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	82,656	(82,656)	-	-	
SAN117	1239805	Poinsettia Station Improvements	-	82,639	(82,639)	-	-	
SAN119	1239807	Sorrento Valley Double Track	-	14,034	(14,034)	-	-	
SAN129	1201514	Downtown Multiuse and Bus Stopover Facility	-	3,133,882	(3,133,882)	-	-	
SAN132	1239811	Elvira to Morena Double Track	-	920,652	(920,652)	-	-	
SAN149	1239814	Coaster PE	-	168,079	(168,079)	-	-	
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	-	(100,006)	100,006	-	-	(d)
SAN182	1239815	San Diego River Bridge	-	(20,636)	20,636	-	-	(a)
SAN183	1239816	Batiquitos Lagoon Double Track	-	243,500	(243,500)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	711,220	(711,220)	-	-	
SAN253	1600501	CMCP - Central Mobility Hub	-	11,817	(11,817)	-	-	
SAN253	1600504	CMCP-CMH & Connections	-	477,634	(477,634)	-	-	
		Total SAN253	-	489,451	(489,451)	-	-	
SAN254	1600801	CMCP-High Speed Transit/I-8	-	135,388	(135,388)	-	-	
SAN256	1612501	CMCP-High Speed Transit/SR125	-	2,180	(2,180)	-	-	
SAN258	1149000	Central Mobility Station	-	(2,075,963)	2,075,963	-	-	(d)
SAN259	1239821	LOSSAN Corridor Improvements	-	356,271	(356,271)	-	-	
SAN260	1239820	COASTER Train Sets	-	9,409	(9,409)	-	-	
SAN261	1210091	Palomar Street Rail Grade Separation	-	23,878	(23,878)	-	-	
SAN262	1210090	Low-Floor Light Rail Transit Vehicles	-	550	(550)	-	-	
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	-	1,740,662	(1,740,662)	-	-	
SAN269	1600101	CMCP - Region Wide Plan	-	183,040	(183,040)	-	-	
SAN281	1210021	Blue Line Railway Signal Improvements	-	66,897	(66,897)	-	-	
		Subtotal Major Corridor	(341,378)	46,023,828	(46,127,320)	-	(444,870)	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Project Status July 1, 2022	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2023	Notes
		Major Corridor balance carried forward	\$ (341,378)	\$ 46,023,828	\$ (46,127,320)	\$ -	\$ (444,870)	
V11	1201101	State Route 11	-	342,007	(342,007)	-	-	
V11	1201105	SR11/OME POE Traffic Rev Study	-	75,509	(75,509)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	404,259	(404,259)	-	-	
V18	1200507	I-5/Voigt Drive Improvements	-	311,004	(311,004)	-	-	
V22	1606701	CMCP-San Vicente Corridor	-	1,392	(1,392)	-	-	
		Total Major Corridor	(341,378)	47,157,999	(47,261,491)	-	(444,870)	
		Total <i>TransNet</i> Extension	\$ 1,339,442	\$ 116,109,956	\$ (117,718,836)	\$ -	\$ (269,438)	

Notes:

- (a) Negative expenditures in FY23 due to prior year corrections.
- (b) Correction of backward Agency adjustment from FY22.
- (c) *TransNet* funds were returned in FY23 due to Caltrans EAP refund of excess deposit on hand. See Caltrans audit for more detail.
- (d) *TransNet* funds were returned in FY 23 due to other funding received for prior year expenditures.
- (e) PIO in progress with Caltrans to swap *TransNet* funds with other project funding.

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SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2023
TransNet Extension:					
Administration:					
		SANDAG 2% Administration	\$ 51,113,149	\$ (50,937,717)	\$ 175,432
		Total Administration	<u>51,113,149</u>	<u>(50,937,717)</u>	<u>175,432</u>
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through:					
CAL330	1223014	SR-15 Commuter Bike Facility	2,558,226	(2,558,226)	-
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	387,939	(387,939)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	4,786,000	(4,786,000)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	<u>28,937</u>	<u>(28,937)</u>	<u>-</u>
		Total BPNS - Pass Through	<u>7,761,102</u>	<u>(7,761,102)</u>	<u>-</u>
BPNS:					
CAL330	1223014	SR-15 Commuter Bike Facility	341,539	(341,539)	-
NC35	1223089	National City Bicycle Parking Enhancements	-	-	-
	3300100/				
SAN40	3300200/	Metropolitan Planning	884,529	(884,529)	-
	3300300				
SAN73A	1239817	Chesterfield Drive Crossing Improvements	486,000	(486,000)	-
SAN153	1223023	The Inland Rail Trail	20,754,637	(20,754,637)	-
SAN153	1223094	Inland Rail Trail Ph 3	1,576,800	(1,576,800)	-
SAN153	1223095	Inland Rail Trail Ph 4	<u>39,640</u>	<u>(39,640)</u>	<u>-</u>
		Total SAN153	<u>22,371,077</u>	<u>(22,371,077)</u>	<u>-</u>
SAN154	1129900	Bayshore Bikeway Segment 8B	779,915	(779,915)	-
SAN155	1223016	Coastal Rail Trail - Rose Creek	22,989,060	(22,989,060)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	3,203,098	(3,203,098)	-
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	1,438,632	(1,438,632)	-
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	21,264,019	(21,264,019)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	8,567,700	(8,567,700)	-
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	<u>914,634</u>	<u>(914,634)</u>	<u>-</u>
		Subtotal BPNS	<u>83,240,203</u>	<u>(83,240,203)</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, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2023
		Balance carried forward - BPNS	\$ 83,240,203	\$ (83,240,203)	\$ -
SAN203	1223056	San Ysidro to IB Parkway	3,464,171	(3,464,171)	-
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	1,328,808	(1,328,808)	-
SAN205	1223057	NP to Downtown/Balboa Bikeway	12,774,416	(12,774,416)	-
SAN206	1223058	Southeast to Downtown Bikeway	3,786,890	(3,786,890)	-
SAN230	1223079	North Park/Mid-City Bikeways: Howard Bikeway	1,386,800	(1,386,800)	-
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	3,190,439	(3,190,439)	-
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	26,070,810	(26,070,810)	-
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	3,234,375	(3,234,375)	-
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	2,717,288	(2,717,288)	-
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	163,847	(163,847)	-
SAN272	1223093	GObyBIKE San Diego: Construction Outreach Program	366,245	(366,245)	-
SAN284	1223087	North Park/Mid-City Orange Bikeway	1,248,657	(1,248,657)	-
		Total BPNS	142,972,949	(142,972,949)	-
		Senior Services - Pass-Through:			
SAN70	1271000	Jewish Family Services - Rides and Smiles	1,331,299	(1,331,299)	-
SAN70	1271800	On the Go (Eastern San Diego)	1,186,326	(1,186,326)	-
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and Smile	1,484,247	(1,484,247)	-
		Total SAN70	4,001,872	(4,001,872)	-
SAN87	1272700	Elderhelp - Volunteer Driver Program	249,557	(249,557)	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	609,780	(609,780)	-
		Subtotal Senior Services - Pass-Through	4,861,209	(4,861,209)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2023
		Balance carried forward - Senior Services - Pass-Through	\$ 4,861,209	\$ (4,861,209)	\$ -
SAN92	1271300	Travelers Aid Society - SeniorRide	2,159,086	(2,159,086)	-
SAN141	1271000	Jewish Family Services	928,710	(928,710)	-
SAN168	1271900	FACT Mobility Management	2,079,392	(2,079,392)	-
SAN185	1270800	FACT - Ride FACT	1,473,232	(1,473,232)	-
SAN243	1272600	FACT - RIDEFinder	98,701	(98,701)	-
SAN278	1270800	FACT - Ride FACT	195,598	(195,598)	-
SAN279	1272600	FACT - RIDEFinder	86,775	(86,775)	-
		Total Senior Services - Pass-Through	<u>11,882,703</u>	<u>(11,882,703)</u>	<u>-</u>
		Senior Services:			
SAN40	3320100/3 320201	Short Range Transit Svc Activities/Specialized Transportation	<u>889,040</u>	<u>(889,040)</u>	<u>-</u>
		Total Senior Services	<u>889,040</u>	<u>(889,040)</u>	<u>-</u>
		Smart Growth - Pass-Through:			
CNTY96	1224055	Casa De Oro - Campo Road Specific Plan	499,998	(499,998)	-
CNTY97	1224056	Valley Center Community Plan Update	318,063	(318,063)	-
EL40	1224067	El Cajon Transit Center Community Connection Improvements	1,213,545	(1,213,545)	-
EL41	1224068	Main Street - Green Street Gateway	397,354	(397,354)	-
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Congestion Relief)	1,287,222	(1,287,222)	-
LAM49	1224047	Complete Streets Integrated Design Manual	169,799	(169,799)	-
LG26	1224069	Connect Main Street, Ph 1&2	361,327	(361,327)	-
NC36	1224061	Roosevelt Avenue Corridor Smart Growth Revitalization Project	2,080,000	(2,080,000)	-
NC37	1224062	Sweetwater Road Protected Bikeway	1,809,011	(1,809,011)	-
NC43	1224071	Together We Plan National City	190,439	(190,439)	-
O49	1224058	Coastal Rail Trail Extension	339,516	(339,516)	-
SAN306	1224072	Mid-City Comm SG Study Areas	29,976	(29,976)	-
SAN307	1224073	Santee Specific Plan	21,607	(21,607)	-
SD261	1224064	Downtown San Diego Wayfinding Signage - Cycle Network	199,379	(199,379)	-
SD262	1224065	East Village Green Park Phase I	168,209	(168,209)	-
		Total Smart Growth - Pass-Through	<u>9,085,445</u>	<u>(9,085,445)</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, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2023
Smart Growth:					
SAN40	3300100	TransNet Smart Growth Incentive Program	\$ 917,528	\$ (917,528)	\$ -
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	648,000	(648,000)	-
Total Smart Growth			<u>1,565,528</u>	<u>(1,565,528)</u>	<u>-</u>
Local Street Improvements:					
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	117,000	(117,000)	-
CHV39	3311002	Traffic Signal System Optimization	170,500	(170,500)	-
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	125,000	(125,000)	-
EL06	3311002	Traffic Signals Project	106,700	(106,700)	-
ENC28	3311002	Traffic Signal Modifications	81,400	(81,400)	-
LAM46	3311002	Regional Arterial Management System (RAMS) - (CR)	66,600	(66,600)	-
NC04	3311002	Traffic Signal Install/Upgrade	88,000	(88,000)	-
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	112,000	(112,000)	-
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	73,000	(73,000)	-
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	676,000	(676,000)	-
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	108,000	(108,000)	-
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	74,000	(74,000)	-
VISTA56	3311002	Traffic Congestion Management Program - CIP 8294	52,800	(52,800)	-
Total Local Street Improvements			<u>1,851,000</u>	<u>(1,851,000)</u>	<u>-</u>
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	191,907,314	(191,907,314)	-
Subtotal Regional EMP - Pass-Through			<u>206,186,314</u>	<u>(206,186,314)</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, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2023
		Balance carried forward - Subtotal Regional EMP - Pass-Through	\$ 206,186,314	\$ (206,186,314)	\$ -
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)	-
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	1201333	Rare Plants 2	79,996	(79,996)	-
V08	1201334	Silverwood-Anstine	34,309	(34,309)	-
V08	1201336	Invasive Species Management	183,732	(183,732)	-
V08	1201337	San Pasqual Cactus Wren	141,333	(141,333)	-
V08	1201338	Lower Otay Reservoir	94,510	(94,510)	-
V08	1201341	Stinknet Removal	109,307	(109,307)	-
V08	1201345	El Monte Preserve Bat Hotel	533	(533)	-
V08	1201347	Annie's Canyon Trail (ACT)	8,416	(8,416)	-
V08	1201348	San Miguel HMA Perimeter	5,146	(5,146)	-
V08	1201350	Quarry Creek Preserve Fencing	603	(603)	-
V08	1201351	San Diego Thornmint Enhancement	4,993	(4,993)	-
V08	1201352	Endangered Avian Nesting Site	60,038	(60,038)	-
V08	1201357	Rare Dune Plant Restoration	15,510	(15,510)	-
V08	1201360	Ocean Beach Estuary Enhancement	3,158	(3,158)	-
		Total V08	4,301,715	(4,301,715)	-
		Total Regional EMP - Pass-Through	210,488,029	(210,488,029)	-

(Continued)

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2023
Environmental Mitigation Program (EMP):					
V07	12002xx	Biological Mitigation	\$ 183,368,404	\$ (183,368,404)	\$ -
V08	12003xx/12001xx	Regional Habitat Conservation Fund	39,411,103	(39,411,103)	-
Total EMP			<u>222,779,507</u>	<u>(222,779,507)</u>	<u>-</u>
BRT/Rail Operations					
SAN80	1130100	Financial ERP System	2,360,144	(2,360,144)	-
SAN80	1147400	Content Management	937,521	(937,521)	-
SAN80	2300000	Transportation Analysis Model	1,590,062	(1,590,062)	-
SAN80	2302300	Data Acquisition, Management, Govern	2,686,486	(2,686,486)	-
SAN80	3100400	Regional Plan Implementation	34,249	(34,249)	-
SAN80	3103000	Regional Plan Dev (2025)	79,609	(79,609)	-
SAN80	3310703	TDM - Program & Svs Delivery	58,554	(58,554)	-
SAN80	3310714	Mobility & Innovations Program	1,416,662	(1,416,662)	-
SAN80	3322600	Digital Equity Action Plan Implementation	243,534	(243,534)	-
SAN80	8000103	Office of the Independent Performance Auditor	807,101	(807,101)	-
SAN80	8000180	Information Services	715,841	(715,841)	-
Total BRT/Rail Operations			<u>10,929,763</u>	<u>(10,929,763)</u>	<u>-</u>
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	45,619,408	(45,619,408)	-
CAL09	1200509	I-5 San Elijo Bridge Replace	41,930,528	(41,930,528)	-
CAL09	1200510	I-5 HOV Carlsbad	2,348,600	(2,348,600)	-
Total CAL09			<u>104,706,039</u>	<u>(104,706,039)</u>	<u>-</u>
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	27,347,389	(27,347,389)	-
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	151,000	(151,000)	-
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)	-
Subtotal Major Corridor - Pass-Through			<u>232,146,264</u>	<u>(232,146,264)</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, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2023
		Balance carried forward - Major Corridor - Pass-Through	\$ 232,146,264	\$ (232,146,264)	\$ -
CAL29B	1207606	SR 76 East	50,668,619	(50,668,619)	-
CAL38	1390501	SR-905 New Freeway	612,440	(612,440)	-
CAL67	1280518	SR94 TP Lanes I-805 to I-5	1,000	(1,000)	-
CAL68	1212501	SR 94/125 Southbound to Eastbound Connector	423,078	(423,078)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	13,167,318	(13,167,318)	-
CAL78B	1280511	I-805 North: 2HOV	4,432,913	(4,432,913)	-
CAL78C	1280510	I-805 South: 2 HOV and DAR	103,995,031	(103,995,031)	-
CAL78D	1280515	I-805 South Soundwalls - Unit 1	6,459,374	(6,459,374)	-
CAL114	1200513	SR56 Auxiliary Lane	1,282,596	(1,282,596)	-
CAL277A	1207803	SR78/I-5 HOV Connector	2,628,524	(2,628,524)	-
CAL550	1605201	CMCP-Coast Canyon Trails SR52	230,627	(230,627)	-
CAL553	1607801	CMCP-SPRINTER/Palomar Airport Rd/S	301,846	(301,846)	-
SAN23	1257001	Mid-Coast LRT Corridor Project	469,000	(469,000)	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	11,674,073	(11,674,073)	-
SAN47	1280504	South Bay BRT	2,929,727	(2,929,727)	-
SAN60	1239820	COASTER Train Sets	12,919,999	(12,919,999)	-
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	129,000	(129,000)	-
SAN253	1600504	CMH Military Inst. Resilience	38,099	(38,099)	-
SAN258	1149000	Central Mobility Station	-	-	-
SAN264	3502000	Regional Electric Vehicle Charging Incentive	-	-	-
V11	1201101	State Route 11	1,931,550	(1,931,550)	-
V15	1200508	I-5 Gilman Drive Bridge	130,921	(130,921)	-
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	459,231,070	(459,231,070)	-

(Continued)

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2023
Major Corridor:					
CAL09	1200501	I-5 North Coast	\$ 15,069,883	\$ (15,069,883)	\$ -
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	19,283,815	(19,283,815)	-
CAL09	1200509	I-5 San Elijo Bridge Replace	13,938,580	(13,938,580)	-
CAL09	1200510	I-5 HOV Carlsbad	918,087	(918,087)	-
		Total CAL09	<u>49,210,365</u>	<u>(49,210,365)</u>	<u>-</u>
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	4,915,666	(4,915,666)	-
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	616,308	(616,308)	-
CAL18B	1201520	I-15 Exp Lanes Forester Creek	175	(175)	-
CAL26	1205203	State Route 52 Freeway (E&F)	16,928,525	(16,928,525)	-
CAL29	1207602	SR 76 Middle	7,000,739	(7,000,739)	-
CAL29B	1207606	SR 76 East	(635,050)	190,180	(444,870)
CAL38	1390501	SR-905 New Freeway	725,883	(725,883)	-
CAL67	1280518	SR94 TP Lanes I-805 to I-5	18	(18)	-
CAL68	1212501	SR-94-125 Widening	1,642,070	(1,642,070)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	5,539,463	(5,539,463)	-
CAL78B	1280511	I-805 North: 2 HOV	2,606,120	(2,606,120)	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	9,147,209	(9,147,209)	-
CAL78D	1280515	I-805 S Soundwalls	882,447	(882,447)	-
CAL114	1200513	SR56 Auxiliary Lane	46,376	(46,376)	-
CAL277	1207802	I-15/SR78 HOV Connectors	245,214	(245,214)	-
CAL277A	1207803	SR78/I-5 HOV Connector	425	(425)	-
CAL278	1207804	SR78 HOV Lanes: I-5 to I-15	6,391	(6,391)	-
CAL398A	1200512	I-5/Genessee Auxiliary Lane	103,000	(103,000)	-
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	55,853	(55,853)	-
		Subtotal Major Corridor	<u>103,724,347</u>	<u>(104,169,217)</u>	<u>(444,870)</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, 2023

<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, 2023</u>
		Balance carried forward - Major Corridor	\$ 103,724,347	\$ (104,169,217)	\$ (444,870)
CAL550	1605201	CMCP - Sea to Santee (SR52)	96,490	(96,490)	-
CAL552	1685501	CMCP-Sbay to Sorrento	2,906,272	(2,906,272)	-
CAL553	1607801	CMCP - SPRINTER/Palomar Airport Rd/SR78/SR76	88,612	(88,612)	-
CAL614	1280516	I-805 North Construct Operational Improvement	32,752	(32,752)	-
SAN23	1257001	Mid-Coast Corridor Transit Project	904,309,548	(904,309,548)	-
SAN26B	1201509	Downtown BRT Stations	20,738,417	(20,738,417)	-
SAN26C	1201507	I-15 BRT Transit Stations - South	26,466,130	(26,466,130)	-
SAN29	1239812	Sorrento to Miramar Phase 2	7,643,240	(7,643,240)	-
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	7,510,336	(7,510,336)	-
SAN36	1129200	OCS Insulator/Catch Cable Replacement	550,033	(550,033)	-
SAN46	1041502	<i>SuperLoop</i>	33,106,152	(33,106,152)	-
SAN47	1280504	Otay BRT	100,829,428	(100,829,428)	-
SAN54	1144800	Regional Arterial Detection P1	198,096	(198,096)	-
SAN54	1147700	Next Operating System (Next OS)	107,912	(107,912)	-
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	1,407,152	(1,407,152)	-
SAN54	3311000	ITS Operations	13,981,044	(13,981,044)	-
SAN54	3330700	TSM-Integrated Corridor Management Program	1,596,568	(1,596,568)	-
		Total SAN54	17,290,772	(17,290,772)	-
SAN64	1239809	Eastbrook to Shell Double Track	4,360,182	(4,360,182)	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	15,403,257	(15,403,257)	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	1,223,285	(1,223,285)	-
SAN78	1240001	Mid-City Rapid Bus	21,302,042	(21,302,042)	-
SAN117	1239805	Poinsettia Run Through Track	16,924,373	(16,924,373)	-
SAN119	1239807	Sorrento Valley Double Track	3,654,470	(3,654,470)	-
SAN129	1201514	Downtown Layover Facility	21,491,800	(21,491,800)	-
		Subtotal Major Corridor	1,309,651,938	(1,310,096,808)	(444,870)

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2023
		Balance carried forward - Major Corridor	\$ 1,309,651,938	\$ (1,310,096,808)	\$ (444,870)
SAN132	1239811	Elvira to Morena Double Track	37,608,363	(37,608,363)	-
SAN149	1239814	Coaster PE	1,594,135	(1,594,135)	-
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	5,366,350	(5,366,350)	-
SAN164	1144900	N. Green Beach Bridge	24,526	(24,526)	-
SAN182	1239815	San Diego River Bridge	12,528,506	(12,528,506)	-
SAN183	1239816	Batiquitos Lagoon Double Track	5,456,244	(5,456,244)	-
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	1,655,107	(1,655,107)	-
SAN224	1280513	I-805/SR 94 Bus on Shoulder Demonstration Project	13,707,122	(13,707,122)	-
SAN253	1600501	CMCP - Central Mobility Hub	492,048	(492,048)	-
SAN253	1600503	CMH Military Inst. Resilience	87,539	(87,539)	-
SAN253	1600504	CMCP - CMH & Connections	490,454	(490,454)	-
		Total SAN253	<u>1,070,041</u>	<u>(1,070,041)</u>	<u>-</u>
SAN254	1600801	CMCP-High Speed Transit/I-8	144,340	(144,340)	-
SAN256	1612501	CMCP-High Speed Transit/SR125	2,180	(2,180)	-
SAN258	1149000	Central Mobility Station	10,034,845	(10,034,845)	-
SAN259	1239821	LOSSAN Corridor Improvements	435,817	(435,817)	-
SAN260	1239820	COASTER Train Sets	21,682	(21,682)	-
SAN261	1210091	Palomar Street Rail Grade Separation	68,339	(68,339)	-
SAN262	1210090	Low-Floor Light Rail Transit Vehicles	1,657	(1,657)	-
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	4,475,773	(4,475,773)	-
SAN269	1600101	CMCP - Region Wide Plan	769,959	(769,959)	-
SAN281	1210021	Blue Line Railway Signal Improvements	166,843	(166,843)	-
V11	1201101	State Route 11	8,776,828	(8,776,828)	-
V11	1201105	SR11/OME POE Traffic Rev Study	75,509	(75,509)	-
V15	1200508	I-5/Gilman Drive Bridge	14,615,117	(14,615,117)	-
V18	1200507	I-5/Voigt Drive Improvements	16,957,779	(16,957,779)	-
V22	1606701	CMCP-San Vicente Corridor	5,794	(5,794)	-
		Total Major Corridor	<u>1,445,214,794</u>	<u>(1,445,659,664)</u>	<u>(444,870)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>2,575,764,079</u>	<u>(2,576,033,517)</u>	<u>(269,438)</u>

(Continued)

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2023
		Balance Carried Forward - Subtotal <i>TransNet</i> Extension	\$ 2,575,764,079	\$ (2,576,033,517)	\$ (269,438)
		Completed Projects			
		Bike, Pedestrians & Neighborhood Safety (BPNS):	26,757,527	(26,757,527)	-
		Senior Services	8,492,545	(8,492,545)	-
		Smart Growth	39,364,726	(39,364,726)	-
		Transit Systems Improvement	11,000,000	(11,000,000)	-
		Local Street Improvements	3,271,619	(3,271,619)	-
		Regional Environmental Mitigation Program	14,992,607	(14,992,607)	-
		BRT/Rail Operations	10,420,644	(10,420,644)	-
		Major Corridor	<u>715,000,458</u>	<u>(715,000,458)</u>	<u>-</u>
		Total Completed Projects	<u>829,300,126</u>	<u>(829,300,126)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	\$ <u>3,405,064,205</u>	\$ <u>(3,405,333,643)</u>	\$ <u>(269,438)</u>

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