

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Year Ended June 30, 2017

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Year Ended June 30, 2017

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Summary of Results

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TransNet and *TransNet* Extension Activities

Summary of Results

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TransNet and *TransNet* Extension Activities

Summary of Results

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Background

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

Scope of the Engagement

This engagement was to apply agreed-upon procedures in order to assist the Independent Taxpayer Oversight Committee (ITOC) and SANDAG in determining whether the recipients of *TransNet* funds were in compliance with the *TransNet* Ordinance and the *TransNet* Extension Ordinance for the year ended June 30, 2017. We performed the procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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

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

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

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The procedures performed were approved by the ITOC prior to commencing fieldwork. The sufficiency of those procedures is solely the responsibility of the ITOC. The specific procedures performed and the results of those procedures are included in each of the draft reports for the recipient agencies. Following approval of the procedures, we scheduled and performed our fieldwork during the months of September 2017 through December 2017.

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. In addition, the Cities of Chula Vista, El Cajon and San Diego

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are in the process of obtaining proper approvals for inter-project transfers during the draft report period. The Cities anticipate obtaining all approvals and be in compliance prior to issuing the final reports.

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 2015.

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, 2017. For the year ended June 30, 2016, the City of Lemon Grove reported an unmet MOE requirement in the amount of \$21,196. The City obtain ITOC and SANDAG approval to cure this deficit over a three-year period. The deficit was cured during the year ended June 30, 2017. See Attachment A for a summary of compliance with the MOE requirements.

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

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

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

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

- Obtained the schedule of annual apportionments from SANDAG;

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- 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.

Based upon the results of the procedures performed, all recipient agencies, with the exception of the City of Escondido, were in compliance with the 30% Rule. This instance of non-compliance was reported for informational purposes only and not as a finding. However, SANDAG will defer payments to this agency until they are in compliance with the 30% Rule. For the year ended June 30, 2016, there were four cities that were not in compliance, including the City of Escondido. See Attachment B for a summary of compliance with the 30% Rule.

Local Street Improvements – Congestion Relief vs. Maintenance

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

- Inquired and obtained source data used to calculate the Local Street Improvements Allocation Schedule in SANDAG's TTrak program (SANDAG's *TransNet* tracking program) and recalculated the total fund distribution per jurisdiction; and
- Reviewed the FY 2017 *TransNet* Streets and Road Fund Allocation Schedule and determined that at least 70% of the revenues provided for local street and road purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

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

Local Street Improvements: Maintenance Monitoring

At the request of ITOC, we documented the percentage of local street and road revenue cumulatively expended for maintenance. In accordance with the *TransNet* Extension Ordinance, the local jurisdictions receiving local street improvement funds may not spend more than 30% of cumulative funds for Maintenance purposes. All recipient agencies were in compliance with this requirement. Three agencies, the Cities of Oceanside, Poway and San Diego each have incurred more than 28.00% of cumulative revenue for maintenance. Results of this procedure are located in Attachment D.

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Indirect Costs Allocated to Projects in RTIP

We inquired of management whether indirect costs are allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by a certified public accounting firm. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable. See Attachment E for the indirect costs allocated to the RTIP.

Regional Transportation Congestion Improvement Program (RTCIP)

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

The objectives of the procedures were to ensure the following:

- Each recipient agency collected at least the minimum exaction fee of \$2,357 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

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- 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 Encinitas, Escondido, National City 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, 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, 2016 and June 30, 2017;
- Calculated the increase in the CPI for San Diego County between June 30, 2016 and June 30, 2017; 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.

The North County Transit District was in compliance with the transit operator eligibility requirements. However, the San Diego Metropolitan Transit System (MTS) was not in compliance with the rail operator portion of the eligibility requirements. See the Summary of Findings by Recipient Agency section of this report (below).

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 Encinitas	Need to use approved exaction fee	Collected shortfall
City of Escondido	Need to use approved exaction fee	Collected shortfall
City of National City	Need to use approved exaction fee	In process of collecting
San Diego Metropolitan Transit system	Increase in revenue vehicle miles exceeded increase in CPI	Requesting exclusion of costs

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

Compliance With Maintenance of Effort Requirement

Recipient Agency	Fiscal Year 2017				
	In Compliance	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	Deficit Amount
Carlsbad	Yes	\$4,897,196	–	–	–
Chula Vista	Yes	2,999,670	–	–	–
Coronado	Yes	685,316	–	–	–
Del Mar	Yes	368,365	16,973	–	–
El Cajon	Yes	1,403,896	–	–	–
Encinitas	Yes	1,665,638	46	–	–
Escondido	Yes	2,534,929	–	–	–
Imperial Beach	Yes	217,840	–	–	–
La Mesa	Yes	1,530,076	–	–	–
Lemon Grove	Yes	16,758	–	–	–
National City	Yes	1,459,882	–	–	–
Oceanside	Yes	2,321,866	–	–	–
Poway	Yes	884,681	–	–	–
San Diego	Yes	19,384,257	143,433	772,157	–
San Marcos	Yes	3,804,565	–	–	–
Santee	Yes	485,044	–	–	–
Solana Beach	Yes	416,150	–	–	–
Vista	Yes	2,098,885	–	–	–
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 2015 – FY 2017

Recipient Agency	Fiscal Year 2017				Fiscal Year 2016			Fiscal Year 2015	
	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	Excess Amount	In Compliance	Excess Amount
Streets and Roads									
Carlsbad	Yes	\$841,909	\$57,274	–	Yes	\$829,883	–	Yes	–
Chula Vista	Yes	1,744,293	190,764	–	Yes	1,715,670	–	No	1,583,248
Coronado	Yes	174,048	74,558	–	Yes	172,696	–	Yes	–
Del Mar	Yes	1,254	(6,483)	–	Yes	(1,178)	–	No	406,534
El Cajon	Yes	710,013	39,434	–	Yes	706,011	–	Yes	–
Encinitas	Yes	484,624	(41,809)	–	Yes	479,269	–	Yes	–
Escondido	No	1,044,054	901,815	–	No	1,038,115	1,299,758	Yes	–
Imperial Beach	Yes	204,777	108,448	–	Yes	203,594	–	No	30,906
La Mesa	Yes	341,921	(119,472)	–	No	301,707	18,119	Yes	–
Lemon Grove	Yes	210,877	(1,260,206)	–	Yes	207,659	–	Yes	–
National City	Yes	298,272	(128,527)	–	Yes	292,442	–	No	643,224
Oceanside	Yes	1,348,902	(4,188,831)	–	Yes	1,336,339	–	Yes	–
Poway	Yes	442,600	331,386	–	No	439,174	22,560	Yes	–
San Diego, City	Yes	9,523,915	(166,070)	–	Yes	9,327,243	–	Yes	–
San Marcos	Yes	458,310	(927,079)	–	No	593,220	277,963	No	829,912
Santee	Yes	141,034	98,297	–	Yes	144,187	–	Yes	–
Solana Beach	Yes	63,316	(9,728)	–	Yes	62,267	–	Yes	–
Vista	Yes	668,767	(49,020)	–	Yes	664,018	–	Yes	–
County of San Diego	Yes	4,008,581	994,842	–	Yes	3,950,425	–	Yes	–
Transit									
Metropolitan Transit System (MTS)	Yes	9,345,784	–	–	Yes	9,183,692	–	Yes	–
North County Transit District (NCTD)	Yes	3,750,308	–	–	Yes	3,697,342	–	Yes	–

Yes = In Compliance

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

Compliance with Allocation of Local Street Improvements Revenues

Recipient Agency	Fiscal Year 2017		
	Allocation of Sales Tax Revenues Received	70% Congestion Relief Allocated	30% Maintenance Allocated
Carlsbad	\$2,806,362	\$1,964,453	\$841,909
Chula Vista	5,814,310	4,070,017	1,744,293
Coronado	580,161	406,113	174,048
Del Mar	196,741	137,719	59,022
El Cajon	2,366,676	1,656,673	710,003
Encinitas	1,615,414	1,130,790	484,624
Escondido	3,480,180	2,436,126	1,044,054
Imperial Beach	682,589	477,812	204,777
La Mesa	1,534,580	1,074,206	460,374
Lemon Grove	702,925	492,048	210,877
National City	1,373,811	961,668	412,143
Oceanside	4,496,341	3,147,439	1,348,902
Poway	1,475,334	1,032,734	442,600
San Diego, City	31,746,384	22,222,469	9,523,915
San Marcos	2,129,219	1,490,453	638,766
Santee	1,426,954	998,868	428,086
Solana Beach	429,617	300,732	128,885
Vista	2,229,222	1,560,455	668,767
County of San Diego	14,716,025	10,301,218	4,414,807

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	\$31,752,504	\$9,525,751	\$ (321,645)	\$ 9,204,106	1.01%	Yes
Chula Vista	51,238,969	15,371,691	(9,930,673)	5,441,018	19.38%	Yes
Coronado	5,483,868	1,645,160	(70,323)	1,574,837	1.28%	Yes
Del Mar	6,055,965	1,816,790	(394,270)	1,422,520	6.51%	Yes
El Cajon	21,014,638	6,304,391	(3,214,923)	3,089,468	15.30%	Yes
Encinitas	16,768,717	5,030,615	(1,415,125)	3,615,490	8.44%	Yes
Escondido	35,533,968	10,660,190	(8,608,782)	2,051,408	24.23%	Yes
Imperial Beach	6,692,846	2,007,854	(1,793,527)	214,327	26.80%	Yes
La Mesa	18,113,481	5,434,044	(3,302,159)	2,131,885	18.23%	Yes
Lemon Grove	6,178,765	1,853,630	(1,706,337)	147,293	27.62%	Yes
National City	15,588,550	4,676,565	(0)	4,676,565	0.00%	Yes
Oceanside	45,929,374	13,778,812	(13,109,871)	668,941	28.54%	Yes
Poway	13,023,812	3,907,144	(3,883,694)	23,450	29.82%	Yes
San Diego, City	274,602,191	83,380,657	(80,148,586)	2,232,071	29.19%	Yes
San Marcos	33,581,922	10,074,577	(3,623,704)	6,450,873	10.79%	Yes
Santee	26,002,974	7,800,892	(2,703,322)	5,097,570	10.40%	Yes
Solana Beach	9,535,725	2,860,718	(164,237)	2,696,481	1.72%	Yes
Vista	21,846,068	6,553,820	(4,681,219)	1,872,601	21.43%	Yes
San Diego, County	142,152,438	42,645,731	(9,732,938)	32,912,793	6.85%	Yes

Indirect Costs Allocated to RTIP

Recipient Agency	Total <i>TransNet</i> Expenditures	Indirect Costs Charged to <i>TransNet</i>	Indirect Costs as a % of Total <i>TransNet</i> Expenditures
Carlsbad	\$3,370,722	\$41,490	1.25%
Chula Vista	7,587,278	2,768,484	36.49%
Coronado	201,778	0	0.00%
Del Mar	791,216	0	0.00%
El Cajon	2,449,001	22,178	0.91%
Encinitas	1,917,707	0	0.00%
Escondido	3,402,965	110,302	3.24%
Imperial Beach	2,096,476	0	0.00%
La Mesa	1,778,313	50,000	2.81%
Lemon Grove	2,388,302	79,758	3.34%
National City	4,144,367	0	0.00%
Oceanside	7,175,146	783	0.01%
Poway	1,615,518	0	0.00%
San Diego, City	39,784,949	2,972,441	7.47%
San Marcos	1,930,188	0	0.00%
Santee	3,600,812	16,573	0.46%
Solana Beach	311,211	0	0.00%
Vista	2,750,0194	0	0.00%
Caltrans	82,067,721	15,898,289	19.37%
San Diego, County	10,628,132	1,035,398	9.74%
SANDAG	327,454,238	3,587,156	1.10%

CALTRANS

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the State of California Department of Transportation (Caltrans) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. Caltrans' management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

2. We obtained from SANDAG the applicable approved RTIP.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<i>TransNet</i> payments made by SANDAG	\$42,050,303
<i>TransNet</i> revenue recorded by Caltrans	<u>48,958,938</u>
Variance	<u>\$(6,908,635)</u>

The variance was a result of the following:

Paid by SANDAG in 2016, but received by Caltrans in 2017	\$(9,136,000)
Paid by SANDAG in 2017, but received by Caltrans in 2018	2,481,365
BPNS revenues recorded by Caltrans, but not reported on SANDAG's payment schedule	<u>(254,000)</u>
Variance	<u>\$(6,908,635)</u>

- e. We identified the interest income reported for the fiscal year.
- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.
- Results: This procedure is not applicable as there was no interest income reported on Schedule A.
- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.
- Results: In accordance with the Governor's budget, Caltrans has no authority to disburse funds deposited in the State Highway Account, as that money is defined for a special purpose through the legislative process. An absence of such authority means that Caltrans cannot disburse funds and the Department of Finance has no authority to pay interest on advance deposits. SANDAG has accepted this practice in the past, thus no exceptions were noted as a result of our procedures.
- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.
- Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
- Results: Caltrans recorded total *TransNet* expenditures in the amount of \$82,067,721. We selected \$22,015,236 (26.83%) 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 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: Indirect costs are allocated to RTIP projects at a rate of 79.78% of direct labor costs associated with each project. Caltrans' indirect cost plan has been reviewed by the State of California Department of Finance and the Federal Highway Administration. The indirect cost plan is reviewed and updated by Caltrans on an annual basis. Caltrans allocated a total of \$15,898,289 of indirect costs in the RTIP, resulting in 19.37% 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, 2018.

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

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

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

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

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

- m. We 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, 2017 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

Results: This procedure is not applicable as there were no commercial paper or bonds outstanding as of June 30, 2017.

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, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the Agency's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

A handwritten signature in blue ink that reads "David Fan" followed by a stylized initial or mark.

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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.

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID/ Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2017	Notes
TransNet:								
Highways:								
CAL26	Route 52	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	(a)
CAL31	Route 54/125	565,678	-	-	-	-	565,678	
CAL31	SR-125 8 Lane Freeway	1,861,167	-	-	-	-	1,861,167	
	Total CAL 31 Projects	2,426,845	-	-	-	-	2,426,845	(a)
	Total Highways	2,440,709	-	-	-	-	2,440,709	
	Total <i>TransNet</i>	<u>\$ 2,440,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,440,709</u>	
TransNet Extension:								
Major Corridor:								
CAL09	I-5 North Coast	\$ (821,832)	\$ 11,655,719	\$ -	\$ (54,212,704)	\$ -	\$ (43,378,817)	(b)
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	10,867	173,000	-	(179,397)	-	4,470	
CAL09 C	I-805 HOV / Carroll Canyon DAR	123,819	189,000	-	(738,050)	-	(425,231)	(b)
CAL18	I-15 Managed Lanes - Middle Segment	163,041	(163,042)	-	-	1	-	(c)
CAL18 A	I-15 Managed Lanes - North Segment	(46,282)	148,000	-	(100,379)	-	1,339	
CAL18 B	I-15 Managed Lanes - South Segment	(188,959)	682,642	-	(514,578)	-	(20,895)	(b)
CAL26	SR 52 Freeway E&F	13,362	(85,781)	-	72,419	-	-	(d)
CAL29	SR 76 Middle	622,002	(216,628)	-	(293,686)	-	111,688	(e)
	Subtotal Major Corridor	(123,982)	12,382,910	-	(55,966,375)	1	(43,707,446)	

SCHEDULE A

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID/ Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2017	Notes
	Major Corridor balance carried forward	\$ (123,982)	\$ 12,382,910	\$ -	\$ (55,966,375)	\$ 1	\$ (43,707,446)	
CAL29 B	SR 76 East	(783,854)	10,744,000	-	(5,687,282)	-	4,272,864	(e)
CAL38	SR-905 New Freeway	(2,719)	2,719	-	-	-	-	
CAL67	SR-94 HOV Lanes (I-805 to Downtown)	38,738	42,000	-	(58,188)	-	22,550	
CAL68	94/125	19,397	600,000	-	-	-	619,397	
CAL75	I-5 Genesee	(277,680)	947,000	-	(1,270,610)	-	(601,290)	(b)
CAL77	I-5/8 Connectors	46,052	(44,962)	-	(1,090)	-	-	
CAL78 B	I-805 North	(262,697)	680,000	-	(438,891)	-	(21,588)	(b)
CAL78 C	I-805 South	(1,045,957)	12,405,671	-	(4,911,595)	-	6,448,119	
CAL114	I-5/56 Interchange	5,277	-	-	(33,788)	-	(28,511)	(b)
CAL120	Aux / Nordahl	(10,588)	164,000	-	(113,279)	-	40,133	
CAL278	SR-78 HOV / Managed Lanes	76,079	(5,000)	-	(101,998)	-	(30,919)	(b)
CAL325	SR-125/905/11 Connectors	-	-	-	(23,896)	-	(23,896)	(b)
SAN23	Mid-Coast LRT	-	-	-	-	-	-	(f)
SAN26 C	I-15 BRT Stations - South	(248,668)	3,179,000	-	(3,284,205)	-	(353,873)	(b)
SAN47	I-805 BRT	(20,907)	182,000	-	(200,038)	-	(38,945)	(b)
SAN73	San Elijo Lagoon Double Track	-	-	-	(900,000)	-	(900,000)	(b),(g)
SAN146	805 Imperial BRT Station	(21,198)	77,300	-	(55,531)	-	571	
SAN183	Batiquitos Lagoon Double Track	-	-	-	(655,365)	-	(655,365)	(b),(g)
V-15	I-5 Gilman Dr Bridge	-	-	-	(9,898)	-	(9,898)	(b),(g)
V-18	I-5 Voigt	183,994	266,000	-	(513,651)	-	(63,657)	(b),(h)
1200100	Program Office	31,127	-	-	(19,126)	-	12,001	
	Total Major Corridor	(2,397,586)	41,622,638	-	(74,244,806)	1	(35,019,753)	

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID/ Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2017	Notes
Major Corridor Environmental: Mitigation Program (MC EMP):								
CAL29 B	SR 76 East	(597,631)	3,131,000	-	(2,701,369)	-	(168,000)	(b)(e)
V07	Mitigation Program	<u>392,421</u>	<u>3,951,300</u>	<u>-</u>	<u>(4,332,641)</u>	<u>-</u>	<u>11,080</u>	
	Total MC EMP	<u>(205,210)</u>	<u>7,082,300</u>	<u>-</u>	<u>(7,034,010)</u>	<u>-</u>	<u>(156,920)</u>	
TransNet Bike, Pedestrian & Neighborhood Safety (BPNS) Program:								
CAL330	SR-15 Bike Path	(125,369)	254,000	-	(788,905)	(1)	(660,275)	(b)(c)
	Total <i>TransNet</i> BPNS Program	<u>(125,369)</u>	<u>254,000</u>	<u>-</u>	<u>(788,905)</u>	<u>(1)</u>	<u>(660,275)</u>	
	Total <i>TransNet</i> Extension	<u>\$ (2,728,165)</u>	<u>\$ 48,958,938</u>	<u>\$ -</u>	<u>\$ (82,067,721)</u>	<u>\$ -</u>	<u>\$ (35,836,948)</u>	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ (287,456)</u>	<u>\$ 48,958,938</u>	<u>\$ -</u>	<u>\$ (82,067,721)</u>	<u>\$ -</u>	<u>\$ (33,396,239)</u>	

Notes:

- (a) All projects related to CAL26 and CAL31 in the *TransNet* Highway section are in the final vouchering process and the goal is to close them during FY18.
- (b) Negative project ending balance will be removed with the next invoice to SANDAG in FY18.
- (c) Adjustments due to rounding.
- (d) A transfer was made to move expenditures from *TransNet* Major Corridor (MC) funds to other funds to balance the budget of each.
- (e) CAL29 and CAL29B projects are both funded with MC and EMP MC funds.
- (f) Project SAN23 did not have any *TransNet* MC expenditures or receivables in FY17, however a new phase which will use *TransNet* MC funds has been opened with planned expenditures in the 2018 year.
- (g) New project added to the 2017 audit.
- (h) In FY 2017 MPO ID # 369 changed to V-18. Project Status as of June 30, 2016 was moved in its entirety to V-18.

SCHEDULE B

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:					
Major Corridor:					
CAL09	I-5 North Coast	\$ 100,733,197	\$ -	\$ (144,112,014)	\$ (43,378,817)
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	18,649,455	-	(18,644,985)	4,470
CAL09 C	I-805 HOV / Carroll Canyon DAR	25,854,999	-	(26,280,230)	(425,231)
CAL18	I-15 Managed Lanes - Middle Segment	29,448,052	-	(29,448,052)	-
CAL18 A	I-15 Managed Lanes - North Segment	20,341,100	-	(20,339,761)	1,339
CAL18 B	I-15 Managed Lanes - South Segment	49,313,752	-	(49,334,647)	(20,895)
CAL26	SR 52 Freeway E&F	48,545,618	-	(48,545,618)	-
CAL29	SR 76 Middle	38,554,265	-	(38,442,577)	111,688
CAL29 B	SR 76 East	46,384,143	-	(42,111,279)	4,272,864
CAL38	SR-905 New Freeway	855,000	-	(855,000)	-
CAL67	SR-94 HOV Lanes (I-805 to Downtown)	8,242,000	-	(8,219,450)	22,550
CAL68	94/125	894,000	-	(274,603)	619,397
CAL75	I-5 Genesee	4,500,000	-	(5,101,290)	(601,290)
CAL77	I-5/8 Connectors	1,455,038	-	(1,455,038)	-
CAL78 B	I-805 North	9,892,604	-	(9,914,192)	(21,588)
CAL78 C	I-805 South	127,239,261	-	(120,791,142)	6,448,119
CAL114	I-5/56 Interchange	408,000	-	(436,511)	(28,511)
CAL120	Aux / Nordahl	10,384,475	-	(10,344,342)	40,133
CAL278	SR-78 HOV / Managed Lanes	1,596,000	-	(1,626,919)	(30,919)
CAL325	SR-125/905/11 Connectors	2,620,719	-	(2,644,615)	(23,896)
SAN23	Mid-Coast LRT	220,000	-	(220,000)	-
SAN26 C	I-15 BRT Stations - South	9,241,700	-	(9,595,573)	(353,873)
SAN47	I-805 BRT	2,711,423	-	(2,750,368)	(38,945)
SAN73	San Elijo Lagoon Double Track	-	-	(900,000)	(900,000)
SAN146	805 Imperial BRT Station	195,100	-	(194,529)	571
SAN183	Batiquitos Lagoon Double Track	-	-	(655,365)	(655,365)
V-15	I-5 Gilman Dr Bridge	-	-	(9,898)	(9,898)
V-18	I-5 Voigt	526,000	-	(589,657)	(63,657)
1200100	Program Office	291,000	-	(278,999)	12,001
Total Major Corridor		<u>\$ 559,096,901</u>	<u>\$ -</u>	<u>\$ (594,116,654)</u>	<u>\$ (35,019,753)</u>

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:					
MC EMP					
CAL29 B	SR 76 East	7,965,000	-	(8,133,000)	(168,000)
V07	Mitigation Program	<u>53,729,185</u>	<u>-</u>	<u>(53,718,105)</u>	<u>11,080</u>
	Total MC EMP	<u>61,694,185</u>	<u>-</u>	<u>(61,851,105)</u>	<u>(156,920)</u>
TransNet BPNS Program:					
CAL330	SR-15 Bike Path	<u>1,738,000</u>	<u>-</u>	<u>(2,398,275)</u>	<u>(660,275)</u>
	Total <i>TransNet</i> BPNS Program	<u>1,738,000</u>	<u>-</u>	<u>(2,398,275)</u>	<u>(660,275)</u>
	Subtotal Cumulative <i>TransNet</i> Extension	<u>622,529,086</u>	<u>-</u>	<u>(658,366,034)</u>	<u>(35,836,948)</u>
Completed Projects					
	Major Corridor	40,391,944	-	(40,391,944)	-
	Mitigation Program (MC EMP)	6,146,000	-	(6,146,000)	-
	<i>TransNet</i> Local Program	<u>3,093,119</u>	<u>-</u>	<u>(3,093,119)</u>	<u>-</u>
	Total Completed Projects	<u>49,631,063</u>	<u>-</u>	<u>(49,631,063)</u>	<u>-</u>
	Total Cumulative <i>TransNet</i> Extension	<u>\$ 672,160,149</u>	<u>\$ -</u>	<u>\$ (707,997,097)</u>	<u>\$ (35,836,948)</u>

CITY OF CARLSBAD, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Carlsbad, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$3,370,722. We selected \$1,014,498 (30.10%) 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 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2017. The City's indirect cost plan has not been reviewed by a cognizant agency. The City allocates costs out of the various departments and into capital projects by using the employee's time directly charged to a project, and multiplying it by a set percentage associated with each individual. The City allocated a total of \$41,490 of indirect costs in the RTIP, resulting in 1.25% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan was last updated during the fiscal year ended June 30, 2013, and the new plan was created and will be implemented for the fiscal year ending June 30, 2018. 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, 2018.

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.

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

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

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

Results: This procedure is not applicable as the City did not report any 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual

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

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

Fiscal year 2017 apportionment	\$2,806,362
Less: debt service payment	<u> -</u>
Net estimated apportionment	2,806,362
30% base	<u> 30%</u>
Fiscal year 2017 30% threshold	<u>841,909</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	24,025
Maintenance fund balance	<u>33,249</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>57,274</u>
Fund balance under apportionment	<u>\$ 784,635</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$24,025	\$ 7,878,419	\$ 7,902,444
Maintenance	<u>33,249</u>	<u>8,656,953</u>	<u>8,690,202</u>
Totals	<u>\$57,274</u>	<u>\$16,535,372</u>	<u>\$16,592,646</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 1.01% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$14,799,619	\$ 7,192,421	\$21,992,040
Maintenance	354,825	8,388,519	8,743,344
Interest	<u>62,688</u>	<u>954,432</u>	<u>1,017,120</u>
Total local street and road revenue	<u>\$15,217,132</u>	<u>\$16,535,372</u>	<u>\$31,752,504</u>
30% of total local street and road revenue			\$ 9,525,751
Less maintenance expenditures incurred to date			<u>321,645</u>
Available maintenance funds			<u>\$ 9,204,106</u>
Cumulative percentage expended for maintenance			<u>1.01%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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, 2017, is summarized as follows:

Current year local discretionary expenditures	\$9,448,132
Less MOE base year requirement	<u>(4,897,196)</u>
Excess MOE for the year ended June 30, 2017	<u>\$4,550,936</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. 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 \$1,930,366. We selected \$376,902 (19.52%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon

dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on September 18, 2017.

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

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

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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

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

Dominic Fune WP

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	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:									
CB04A	39572	ECR Widening - Tamarack to Chestnut	(991,475)	1,860,172	-	(876,360)	-	(7,663)	(a)
CB17	60143	Carlsbad Blvd Bridge - Powerplant	(5,928)	20,000	15	(5,430)	5,175	13,832	(b)
CB20	60011	Pavement Management - Overlay	1,501,845	400,000	3,884	(1,779,191)	-	126,538	
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	-	75,000	106	-	-	75,106	
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	-	25,000	45	(3,009)	-	22,036	
CB43	60491	ADA Improvements	3,958	60,000	46	(48,342)	-	15,662	
CB49	60571	Kelly and Park Dr. Street Improvements	-	55,000	65	(2,128)	-	52,937	
CB51	63261	Adaptive Traffic Signal Program	-	275,000	42	(549,465)	-	(274,423)	(a)
		Total Congestion Relief	508,400	2,770,172	4,203	(3,263,925)	5,175	24,025	
Maintenance:									
CB18	60163	Carlsbad Blvd Bridge - Railroad	5,175	-	-	-	(5,175)	-	(b)
CB58	60622	Street Light Bulb Replacement Program	-	70,000	52	(36,803)	-	33,249	
		Total Maintenance	5,175	70,000	52	(36,803)	(5,175)	33,249	
		Total Local Street Improvements	513,575	2,851,872	4,255	(3,312,428)	-	57,274	

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Total <i>TransNet</i> Extension	\$ 513,575	\$ 2,851,872	\$ 4,255	\$ (3,312,428)	\$ -	\$ 57,274	
		GASB 31 Fair Market Value Adjustment	(11,211)	-	(6,434)	-	-	(17,645)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	502,364	2,851,872	(2,179)	(3,312,428)	-	39,629	
		Non-TransNet:							
N/A	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	-	187,963	159	(41,386)	-	146,736	
N/A	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	-	16,908	-	(16,908)	-	-	
		Total Non- <i>TransNet</i>	-	204,871	159	(58,294)	-	146,736	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>	\$ 502,364	\$ 3,056,743	\$ (2,020)	\$ (3,370,722)	\$ -	\$ 186,365	

Notes:

- (a) This project has a negative cash balance at June 30, 2017. Funds were drawn down to clear the negative balance in early FY18.
- (b) This project was completed during FY16 and remaining funds were transferred to CB17 per Resolution 2017-114 approved by the City Council on June 13, 2017.

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CB44	N/A	Regional Arterial Management Systems	\$ 58,500	\$ -	\$ (58,500)	\$ -
		Total Congestion Relief-Pass Through	<u>58,500</u>	<u>-</u>	<u>(58,500)</u>	<u>-</u>
Congestion Relief:						
CB04A	39572	ECR Widening - Tamarack to Chestnut	3,895,172	37,070	(3,939,905)	(7,663)
CB17	60143	Carlsbad Blvd Bridge-Powerplant	46,929	70	(33,167)	13,832
CB20	60011	Pavement Management - Overlay	7,289,018	10,646	(7,173,126)	126,538
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	75,000	106	-	75,106
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	25,000	45	(3,009)	22,036
CB36	60311	Carlsbad Blvd Realignment	3,000,000	14,529	(3,014,529)	-
CB43	60491	ADA Improvements	80,000	46	(64,384)	15,662
CB49	60571	Kelly and Park Dr. Street Improvements	55,000	65	(2,128)	52,937
CB51	63261	Adaptive Traffic Signal Program	<u>275,000</u>	<u>42</u>	<u>(549,465)</u>	<u>(274,423)</u>
		Total Congestion Relief	<u>14,741,119</u>	<u>62,619</u>	<u>(14,779,713)</u>	<u>24,025</u>
Maintenance:						
CB18	60163	Carlsbad Blvd Bridge - Railroad	284,825	17	(284,842)	-
CB58	60622	Street Light Bulb Replacement Program	<u>70,000</u>	<u>52</u>	<u>(36,803)</u>	<u>33,249</u>
		Total Maintenance	<u>354,825</u>	<u>69</u>	<u>(321,645)</u>	<u>33,249</u>
		Total Local Street Improvements	<u>15,154,444</u>	<u>62,688</u>	<u>(15,159,858)</u>	<u>57,274</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>15,154,444</u>	<u>62,688</u>	<u>(15,159,858)</u>	<u>57,274</u>

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Completed Projects:				
		Bikes and Pedestrian	\$ 564,048	\$ -	\$ (564,048)	\$ -
		Environmental Mitigation Grant	<u>286,667</u>	<u>-</u>	<u>(286,667)</u>	<u>-</u>
		Total Completed Projects	<u>850,715</u>	<u>-</u>	<u>(850,715)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 16,005,159</u>	<u>\$ 62,688</u>	<u>\$ (16,010,573)</u>	<u>\$ 57,274</u>

SCHEDULE C

CITY OF CARLSBAD, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

Project Year	Last Date to Spend funds	MPO ID	Cumulative						
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2017	Cumulative Status	
								June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2010	June 30, 2017	CB04A	\$ 514,405.00	\$ 47,267	\$ (561,672)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2011	June 30, 2018	CB04A	580,843	32,057	(612,900)	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	CB04A	934,358	35,309	(969,667)	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	CB04A	696,114	23,829	(719,943)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	CB04A	353,442	7,757	(361,199)	-	-	-	-
For Fiscal Year ended June 30, 2015	June 30, 2022	CB04A	623,822	6,962	(630,784)	-	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023	CB04A	470,174	-	(470,174)	-	-	-	202,552
For Fiscal Year ended June 30, 2017	June 30, 2024	CB04A	1,727,814	-	(1,727,814)	-	-	-	-
Interest Income			-	13,032	-	-	-	13,032	12,598
Total RTCIP Funds			\$ 5,900,972	\$ 166,213	\$ (6,054,153)	\$ -	\$ -	\$ 13,032	\$ 215,150

CITY OF CHULA VISTA, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Chula Vista, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not allocate interest on schedule A due to a negative average fund balance.

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$7,587,278. We selected \$2,542,616 (33.51%) 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 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2017. The City's indirect cost plan has not been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. The City allocates costs out of the various departments and into capital projects by using the Engineering time directly charged to a project as the cost basis, and multiplying the hours worked by the City's fully-burdened hourly rate. Total indirect costs included within

projects on the RTIP were \$2,768,484, or 36.49% of total *TransNet* expenditures. The City's indirect cost plan was last updated during the fiscal year ended June 30, 2012, and the methodology was last reviewed by its internal auditors during the fiscal year ended June 30, 2010. Although the indirect cost plan is outdated and needs to be updated, 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, 2018.

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

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

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

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

Fiscal year 2017 apportionment	\$5,814,310
Less: debt service payment	<u> -</u>
Net estimated apportionment	5,814,310
30% base	<u> 30%</u>
Fiscal year 2017 30% threshold	<u>1,744,293</u>
Less:	
Local Street Improvements:	
Congestion Relief fund balance	345,133
Maintenance fund balance	<u>(154,369)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>190,764</u>
Fund balance under apportionment	<u>\$1,553,529</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 345,133	\$ 3,993,654	\$ 4,338,787
Maintenance	<u>(154,369)</u>	<u>6,036,141</u>	<u>5,881,772</u>
Totals	<u>\$ 190,764</u>	<u>\$10,029,795</u>	<u>\$10,220,559</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 19.38% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$31,403,100	\$ 3,454,660	\$34,857,760
Maintenance	9,764,455	5,820,006	15,584,461
Interest	<u>41,619</u>	<u>755,129</u>	<u>796,748</u>
Total local street and road revenue	<u>\$41,209,174</u>	<u>\$10,029,795</u>	<u>\$51,238,969</u>
30% of total local street and road revenue			\$15,371,691
Less maintenance expenditures incurred to date			<u>(9,930,673)</u>
Available maintenance funds			<u>\$ 5,441,018</u>
Cumulative percentage expended for maintenance			<u>19.38%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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, 2017, is summarized as follows:

Current year local discretionary expenditures	\$7,785,674
Less MOE base year requirement	<u>(2,999,670)</u>
Excess MOE for the year ended June 30, 2017	<u>\$4,786,004</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. 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 \$10,358. We selected \$1,732 (16.72%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon

dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 25, 2017.

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

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

- 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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

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

Darin Fox UP

Irvine, California
May 15, 2018

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	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)	-	-	
Congestion Relief:									
CHV08	STL261	Willow Street Bridge Widening	1,088	-	-	(1,088)	-	-	
CHV30	STM361	I-5 Multi-Modal Corridor Improvement Study	-	151,000	-	(29,991)	-	121,009	
CHV39	TF350	Traffic Signal System Optimization	(24,902)	187,669	-	(173,311)	-	(10,544)	(a)
CHV39	TF400	Signal Retiming of Yellow	-	1,246	-	(246)	-	1,000	
		Total CHV39 Projects	(24,902)	188,915	-	(173,557)	-	(9,544)	
CHV43	TF354	Traffic Congestion Relief Program	(39,997)	57,915	-	(16,023)	-	1,895	
CHV44	TF344	I 805 Direct Access Ramp E H and E Palomar	(7,852)	34,939	-	(29,232)	-	(2,145)	(a)
CHV44	TF356	Otay Mesa Transportation System	5,137	-	-	(1,071)	-	4,066	
		Total CHV44 Projects	(2,715)	34,939	-	(30,303)	-	1,921	
CHV48	STL372	Pavement Major Rehabilitation FY11-12	-	3,722	-	(1,249)	-	2,473	
CHV48	STM373	Pavement Major Rehabilitation FY12-13	229,850	-	-	-	(229,850)	-	(b)
CHV48	STM379	Pavement Major Rehabilitation FY13-14	291,687	-	-	(7,885)	(283,802)	-	(b)
CHV48	STM383	Pavement Major Rehab FY15	(9,052)	1,124,288	-	(1,115,236)	-	-	(c)
CHV48	STM387	Pavement Major Rehab FY16	(42,246)	2,922,300	-	(3,062,156)	527,604	345,502	(b)(e)
CHV48	STM390	Major Pavement Rehab FY 2016/17	-	134,270	-	(172,403)	572	(37,561)	(a)(d)
CHV48	SW266	Oxford Street Sewer Improvement	572	-	-	-	(572)	-	(d)
		Total CHV48 Projects	470,811	4,184,580	-	(4,358,929)	13,952	310,414	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2017</u>	<u>Notes</u>
		Congestion Relief balance carried forward	\$ 404,285	\$ 4,617,349	\$ -	\$ (4,609,891)	\$ 13,952	\$ 425,695	
CHV51	STL359	Naples St. & Oleander Ave. CG/ADA	(7,853)	34,219	-	(26,358)	-	8	
CHV51	STL382	Cross Gutter Rehabilitation	(5,187)	33,597	-	(27,188)	-	1,222	
CHV51	DR204	Storm Drain Repairs Citywide	(13,922)	227,097	-	(213,175)	-	-	(c)
		Total CHV51 Projects	(26,962)	294,913	-	(266,721)	-	1,230	
CHV52	STL361	Industrial Blvd. Bike Ln / Ped Improvement	3,766	-	-	-	(3,766)	-	(e)
CHV54	STM367	So Broadway Improv. Main to SthrnCity	9,629	-	-	(6,608)	(1,272)	1,749	
CHV54	STM381	So Brdwy Imprv Main 2SthrnLimt	-	-	-	(1,272)	1,272	-	(c)
		Total CHV54 Projects	9,629	-	-	(7,880)	-	1,749	
CHV58	STL366	Moss Street Sidewalk Installation	(59,071)	180,327	-	(194,375)	7,318	(65,801)	(a)
CHV58	STL368	Oxford Street Sidewalk Installation	7,318	-	-	(7,318)	-	-	(c)
CHV58	STL369	Palomar Street Sidewalk Installation	109	1,268	-	(1,377)	-	-	(c)
CHV58	STL394	Moss Street Corridor Improv. b/w 3rd & 4th	(10,925)	10,925	-	-	-	-	(c)
CHV58	STL396	Jefferson Ave Improv1000-1050Blk	-	4,444	-	(4,444)	-	-	(c)
		Total CHV58 Projects	(62,569)	196,964	-	(200,196)	-	(65,801)	
CHV60	TF382	Traffic Signal Mod at Third Ave & Naples St	3,296	-	-	-	(3,296)	-	(c)
CHV60	TF383	Traffic Signal Instal at Industrial & Moss	650	-	-	-	(650)	-	(c)
CHV60	STL418	Bonita RD & Allen School Lane	-	2,129	-	(3,856)	3,946	2,219	
		Total CHV60 Projects	3,946	2,129	-	(3,856)	-	2,219	
CHV64	TF396	Trfc Mgmnt Cntr&Commn MstrPln1	(91,045)	247,347	-	(156,302)	-	-	
CHV67	TF377	Roadway Improv at Olympic & Brandywine	10,186	-	-	-	(10,186)	-	(e)
		Subtotal Congestion Relief	251,236	5,358,702	-	(5,244,846)	-	365,092	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2017</u>	<u>Notes</u>
		Congestion Relief balance carried forward	\$ 251,236	\$ 5,358,702	\$ -	\$ (5,244,846)	\$ -	\$ 365,092	
CHV70	STM384	Bike Lanes on Brdwy FsblyStudy	(30,000)	48,224	-	(18,453)	-	(229)	(a)
CHV77	TF395	SANDAG MainSt Fiber OpticAddtl	(579)	1,498	-	(1,249)	-	(330)	(a)
CHV79	TF397	Raised Median Reconstruction	(29,954)	99,115	-	(73,545)	-	(4,384)	(a)
CHV80	STL406	3rd Ave Streetscp Imprv Phs 3	(200,610)	292,280	-	(96,410)	403	(4,337)	(f) (g)
CHV82	STL420	Palomar St/Orange Ave Sidewalk	-	105,152	-	(140,636)	-	(35,484)	(a)
		Interest Income	24,805	-	-	-	-	24,805	
		Total Congestion Relief	14,898	5,904,971	-	(5,575,139)	403	345,133	
		Maintenance:							
CHV06	OP219	Pavement Management System	(77,371)	213,858	-	(133,715)	-	2,772	
CHV22	OP202	CIP Advanced Planning	(19,145)	79,144	-	(59,999)	-	-	
CHV22	OP208	CIP Management & Equipment Purchase	6,541	-	-	(1,174)	-	5,367	
		Total CHV22 Projects	(12,604)	79,144	-	(61,173)	-	5,367	
CHV33	STL375	Enhanced Traffic Calming Crosswalk	18,870	-	-	-	(18,870)	-	(c)
CHV33	STL389	Castle Park Middle School - Quintard Street	34,276	-	-	(588)	-	33,688	
CHV33	STM380	Sidewalk Replacement E H Street Study	(1,679)	31,518	-	(67,417)	-	(37,578)	(a)
CHV33	STI410	Kellog Elem Schl Ped Improvmt	(3,276)	13,837	-	(11,816)	-	(1,255)	(a)
CHV33	TF345	School Zone Traffic Calming	(18,682)	81,658	-	(110,555)	18,870	(28,709)	(a)
CHV33	TF362	Kids Walk/Bike to School Phase II	(246)	246	-	-	-	-	(c)
CHV33	TF384	Lauderbach Elem. Pedestrian Imprv	(1,798)	14,885	-	(13,866)	-	(779)	(a)
		Total CHV33 Projects	27,465	142,144	-	(204,242)	-	(34,633)	
		Subtotal Maintenance	(62,510)	435,146	-	(399,130)	-	(26,494)	

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2017</u>	<u>Notes</u>
		Maintenance balance carried forward	\$ (62,510)	\$ 435,146	\$ -	\$ (399,130)	\$ -	\$ (26,494)	
CHV34	TF327	Neighborhood Safety Program	(88,193)	265,456	-	(261,827)	-	(84,564)	(a)
CHV34	TF394	Ped Crsswlk Enhanc @UncntrldIn	(1,633)	2,000	-	-	-	367	
CHV34	SW292	Indtrl Blvd &Main St Swr Imprv	-	37,346	-	(66,806)	-	(29,460)	(a)
CHV34	GG222	Asset Management	-	100,000	-	(100,000)	-	-	
		Total CHV34 Projects	(89,826)	404,802	-	(428,633)	-	(113,657)	
CHV35	TF332	Signing and Stripping Program	(1,345)	58,850	-	(70,205)	-	(12,700)	(a)
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	(35,641)	276,083	-	(252,785)	-	(12,343)	(a)
CHV35	TF393	Internally IllumntdSNS Convrsm	(7,065)	35,010	-	(27,876)	-	69	
CHV35	TF399	Int Signing/Striping Prog Schools	-	23,074	-	(41,442)	-	(18,368)	(a)
		Total CHV35 Projects	(44,051)	393,017	-	(392,308)	-	(43,342)	
CHV45	STM369	Bikeway Facilities Gap Project	(6,044)	38,640	-	(39,246)	1,912	(4,738)	(a)(h)
CHV45	TF274	Traffic Count	(9,446)	43,771	-	(34,968)	643	-	(h)
CHV45	TF321	Citywide Traffic Count Program	553	43,511	-	(56,763)	10,582	(2,117)	(a)(h)
CHV45	TF392	Palomar St Trffc Data Collectn	(1,093)	3,381	-	(2,288)	-	-	
		Total CHV45 Projects	(16,030)	129,303	-	(133,265)	13,137	(6,855)	
CHV46	TF368	Harborside Elementary Pedestrian Imprv.	-	-	-	(2,117)	2,117	-	(c)
CHV47	TF367	Urban Core Srvs Level Threshold Study	15,254	-	-	-	(15,254)	-	(c) (h)
		Subtotal Maintenance	(197,163)	1,362,268	-	(1,355,453)	-	(190,348)	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2017</u>	<u>Notes</u>
		Maintenance balance carried forward	\$ (197,163)	\$ 1,362,268	\$ -	\$ (1,355,453)	\$ -	\$ (190,348)	
CHV50	DR193	Storm Drain Pipe Rehab Project For FY2013	56,846	-	-	-	-	56,846	
CHV50	DR196	CMP Rehabilitation Program FY13-14	(27,429)	31,768	-	(4,339)	-	-	
CHV50	DR198	Storm Drain Pipe Rehab FY15	4,709	2,999	-	(7,708)	-	-	(c)
CHV50	DR206	CMP Rehabilitation in ROW FY17	-	182,548	-	(204,209)	-	(21,661)	(a)
CHV50	DR207	Drainage Infra Assesmnt in ROW	-	21,170	-	(21,170)	-	-	
CHV50	STM385	Bridge Maintenance	(641)	7,528	-	(6,887)	-	-	
		Total CHV50 Projects	33,485	246,013	-	(244,313)	-	35,185	
CHV53	STL404	Bikeway Master Plan2016 Update	(530)	3,104	-	(2,514)	-	60	
CHV75	STL405	ADA Curb Ramps FY2014/15	(19,634)	112,145	-	(98,906)	-	(6,395)	(a)
CHV75	STL415	ADA Curb Ramp Program FY16/17	-	15,097	-	(18,598)	-	(3,501)	(a)
		Total CHV75 Projects	(19,634)	127,242	-	(117,504)	-	(9,896)	
		Interest Income	10,630	-	-	-	-	10,630	
		Total Maintenance	(173,212)	1,738,627	-	(1,719,784)	-	(154,369)	
		Total Local Street Improvements	(158,314)	7,659,098	-	(7,310,423)	403	190,764	
		Major Corridor Environmental Mitigation:							
V08	OP221	PMA Otay Tarplant & SD Thornmount	(3,231)	-	-	-	3,231	-	(i)
V08	OP227	Cstl Ccts WrenHabitat Restrnt	-	70,411	-	(71,069)	-	(658)	(j)
V08	OP229	Cstl Ccts WrenHabitat Restrnt 2016	-	-	-	(1,247)	-	(1,247)	(j)
		Total Major Corridor Environmental Mitigation	(3,231)	70,411	-	(72,316)	3,231	(1,905)	

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
Bikes and Pedestrian:									
CHV76	STL412	F Street Promenade Streetscape Masterplan	13,141	180,726	-	(204,539)	-	(10,672)	(j)
Total Bikes and Pedestrian			13,141	180,726	-	(204,539)	-	(10,672)	
Smart Growth:									
CHV63	OP217	Palomar Gateway Specific Plan	14,166	-	-	-	-	14,166	
CHV73	STL400	3rd Ave Streetscape Imprv Phs2	(333,366)	333,366	-	-	-	-	(c)
CHV74	N/A	Healthy Chula Vista Initiative	4,666	-	-	-	-	4,666	
Total Smart Growth			(314,534)	333,366	-	-	-	18,832	
Total <i>TransNet</i> Extension			(462,938)	8,243,601	-	(7,587,278)	3,634	197,019	
GASB 31 Market Value Adjustment			5,354	-	-	-	(5,354)	-	(k)
Total <i>TransNet</i> Extension after GASB 31 Adjustment			\$ (457,584)	\$ 8,243,601	\$ -	\$ (7,587,278)	\$ (1,720)	\$ 197,019	

Notes:

- (a) Deficit to be covered by drawdown in FY18.
- (b) The City transferred \$513,652 within same MP OID to STM387 (CHV48), and \$13,952 from CHV52 and CHV67 per resolution 2018-040 approved by City Council on March 6, 2018.
- (c) Project Complete.
- (d) Adjustment made as an inter MPO ID transfer.
- (e) The City transferred \$10,186 from CHV67 to CHV48, and \$3,766 from CHV52 to CHV48 per resolution 2018-040 approved by the City Council on March 6, 2018.
- (f) Project was previously listed under Smart Growth. Moved to correct location on worksheet as Local Street Improvements - Congestion Relief.
- (g) Adjustment made for refund for cancelled invoice from State Water Resources Control Board.
- (h) The City transferred \$2,117 from CHV47 to CHV46, and \$11,225 from CHV47 to CHV45 per resolution 2018-040 approved by the City Council on March 6, 2018.
- (i) Adjustment per Resolution 2017-069.
- (j) Deficit to be covered by future grant reimbursement request.
- (k) Adjustment to GASB 31 was made to agree to City's Financial Records.

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CHV39	N/A	Regional Arterial Management Systems	\$ 77,500	\$ -	\$ (77,500)	\$ -
		Total Congestion Relief-Pass Through	<u>77,500</u>	<u>-</u>	<u>(77,500)</u>	<u>-</u>
Congestion Relief:						
CHV08	STL261	Willow Street Bridge Widening	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>
CHV30	STM361	15 Multi-Modal Corridor Improv. Study	<u>553,940</u>	<u>-</u>	<u>(432,931)</u>	<u>121,009</u>
CHV39	TF350	Traffic Signal System Optimization	864,221	833	(875,598)	(10,544)
CHV39	TF400	Signal Retiming of Yellow	<u>1,246</u>	<u>-</u>	<u>(246)</u>	<u>1,000</u>
		Total CHV39 Projects	<u>865,467</u>	<u>833</u>	<u>(875,844)</u>	<u>(9,544)</u>
CHV40	STL337	Bayshore Bikeway Segment 7 & 8	<u>119,670</u>	<u>-</u>	<u>(119,670)</u>	<u>-</u>
CHV43	TF354	Traffic Congestion Relief Program	<u>321,585</u>	<u>-</u>	<u>(319,690)</u>	<u>1,895</u>
CHV44	TF344	I 805 Direct Access Ramp E H and E Palomar	290,623	-	(292,768)	(2,145)
CHV44	TF356	Otay Mesa Transportation System	<u>12,428</u>	<u>-</u>	<u>(8,362)</u>	<u>4,066</u>
		Total CHV 44 Projects	<u>303,051</u>	<u>-</u>	<u>(301,130)</u>	<u>1,921</u>
		Subtotal Congestion Relief	<u>2,238,713</u>	<u>833</u>	<u>(2,124,265)</u>	<u>115,281</u>

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Congestion Relief balance carried forward	\$ 2,238,713	\$ 833	\$ (2,124,265)	\$ 115,281
CHV48	STL372	Pavement Major Rehabilitation FY11-12	2,133,102	-	(2,130,629)	2,473
CHV48	STM373	Pavement Major Rehabilitation FY12-13	3,087,079	-	(3,087,079)	-
CHV48	STM379	Pavement Major Rehabilitation FY13-14	3,152,306	-	(3,152,306)	-
CHV48	STM383	Pavement Major Rehab FY15	1,361,495	-	(1,361,495)	-
CHV48	STM387	Pavement Major Rehab FY16	3,463,208	-	(3,117,706)	345,502
CHV48	STM390	Major Pavement Rehab FY 2016/17	134,842	-	(172,403)	(37,561)
CHV48	SW266	Oxford Street Sewer Improvement	139,428	-	(139,428)	-
		Total CHV 48 Projects	<u>13,471,460</u>	<u>-</u>	<u>(13,161,046)</u>	<u>310,414</u>
CHV51	STL359	Naples St & Oleander Ave CG/ADA	83,297	-	(83,289)	8
CHV51	STL382	Cross Gutter Rehabilitation	88,697	-	(87,475)	1,222
CHV51	DR204	Storm Drain Repairs Citywide	259,097	-	(259,097)	-
		Total CHV 51 Projects	<u>431,091</u>	<u>-</u>	<u>(429,861)</u>	<u>1,230</u>
CHV52	STL361	Industrial Blvd. Bike Ln / Ped Improvement	141,534	-	(141,534)	-
CHV54	STM367	So Broadway Improv Main to SthrnCity	1,375,967	-	(1,374,218)	1,749
CHV54	STM381	So Brdwy Imprv Main 2SthrnLimt	1,557,939	-	(1,557,939)	-
		Total CHV 54 Projects	<u>2,933,906</u>	<u>-</u>	<u>(2,932,157)</u>	<u>1,749</u>
CHV58	STL366	Moss Street Sidewalk Installation	459,061	-	(524,862)	(65,801)
CHV58	STL368	Oxford Street Sidewalk Installation	94,726	-	(94,726)	-
CHV58	STL369	Palomar Street Sidewalk Installation	197,596	-	(197,596)	-
CHV58	STL394	Moss Street Corridor Improv. b/w 3rd & 4th	149,981	-	(149,981)	-
CHV58	STL396	Jefferson Ave Improv1000-1050Bik	4,444	-	(4,444)	-
		Total CHV 58 Projects	<u>905,808</u>	<u>-</u>	<u>(971,609)</u>	<u>(65,801)</u>
		Subtotal Congestion Relief	<u>20,122,512</u>	<u>833</u>	<u>(19,760,472)</u>	<u>362,873</u>

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<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, 2017</u>
		Congestion Relief balance carried forward	\$ 20,122,512	\$ 833	\$ (19,760,472)	\$ 362,873
CHV60	TF382	Traffic Signal Mod at Third Ave & Naples St	78,302	-	(78,302)	-
CHV60	TF383	Traffic Signal Instal at Industrial & Moss	245,012	-	(245,012)	-
CHV60	TF418	Bonita RD & Allen School Lane	6,075	-	(3,856)	2,219
		Total CHV 60 Projects	329,389	-	(327,170)	2,219
CHV64	TF396	Traffic Mgmt Cntr & Commn Mstr Pln 1	249,938	-	(249,938)	-
CHV67	TF377	Roadway Improv at Olympic & Brandywine	250,000	-	(250,000)	-
CHV70	STM384	Bike Lanes onBrdwy FsbiltyStudy	113,224	-	(113,453)	(229)
CHV77	TF395	SANDAG Main St Fiber OpticAddtl	3,232	-	(3,562)	(330)
CHV79	TF397	Raised Median Reconstruction	99,597	-	(103,981)	(4,384)
CHV80	STL406	3rd Ave Streetscp Imprv Phs 3	292,683	-	(297,020)	(4,337)
CHV82	STL420	Palomar St/Orange Ave Sidewalk	105,152	-	(140,636)	(35,484)
		Interest Income	-	24,805	-	24,805
		Total Congestion Relief	21,565,727	25,638	(21,246,232)	345,133
		Maintenance:				
CHV06	OP219	Pavement Management System	590,470	-	(587,698)	2,772
		Subtotal Maintenance	590,470	-	(587,698)	2,772

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<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, 2017</u>
		Maintenance balance carried forward	\$ 590,470	\$ -	\$ (587,698)	\$ 2,772
CHV22	OP202	CIP Advanced Planning	502,605	-	(502,605)	-
CHV22	OP208	CIP Management & Equipment Purchase	45,873	-	(40,506)	5,367
		Total CHV 22 Projects	<u>548,478</u>	<u>-</u>	<u>(543,111)</u>	<u>5,367</u>
CHV33	STL375	Enhanced Traffic Calming Crosswalk	67,628	-	(67,628)	-
CHV33	STL389	Castle Park Middle School - Quintard Street	35,000	-	(1,312)	33,688
CHV33	STM380	Sidewalk Replacement E H Street Study	62,221	-	(99,799)	(37,578)
CHV33	STL410	Kellog Elem School Ped Improvement	16,026	-	(17,281)	(1,255)
CHV33	TF345	School Zone Traffic Calming	306,778	-	(335,487)	(28,709)
CHV33	TF362	Kids Walk/Bike to School Phase II	154,592	-	(154,592)	-
CHV33	TF384	Lauderbach Elem. Pedestrian Imprv	19,885	-	(20,664)	(779)
		Total CHV 33 Projects	<u>662,130</u>	<u>-</u>	<u>(696,763)</u>	<u>(34,633)</u>
CHV34	TF327	Neighborhood Safety Program	939,445	-	(1,024,009)	(84,564)
CHV34	TF394	Ped Crosswalk Enhance @ UncntrldIn	2,321	-	(1,954)	367
CHV34	SW292	Indtrl Blvd & Main St Swr Imprv	37,346	-	(66,806)	(29,460)
CHV34	GG222	Asset Management	100,000	-	(100,000)	-
		Total CHV 34 Projects	<u>1,079,112</u>	<u>-</u>	<u>(1,192,769)</u>	<u>(113,657)</u>
		Subtotal Maintenance	<u>2,880,190</u>	<u>-</u>	<u>(3,020,341)</u>	<u>(140,151)</u>

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Maintenance balance carried forward	\$ 2,880,190	\$ -	\$ (3,020,341)	\$ (140,151)
CHV35	TF332	Signing and Stripping Program	353,328	-	(366,028)	(12,700)
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	1,330,526	-	(1,342,869)	(12,343)
CHV35	TF393	Internally Illuminated SNS Convrns	58,014	-	(57,945)	69
CHV35	TF399	Internally IllumntdSNS Convrsm	23,074	-	(41,442)	(18,368)
		Total CHV 35 Projects	<u>1,764,942</u>	<u>-</u>	<u>(1,808,284)</u>	<u>(43,342)</u>
CHV45	STM369	Bikeway Facilities Gap Project	289,878	-	(294,616)	(4,738)
CHV45	TF274	Traffic Count	162,330	-	(162,330)	-
CHV45	TF321	Citywide Traffic Count Program	370,226	-	(372,343)	(2,117)
CHV45	TF392	Palomar St Traffic Data Collection	20,681	-	(20,681)	-
		Total CHV 45 Projects	<u>843,115</u>	<u>-</u>	<u>(849,970)</u>	<u>(6,855)</u>
CHV46	TF368	Harborside Elementary Pedestrian Improv.	236,512	556	(237,068)	-
CHV47	TF367	Urban Core Srvs Level Threshold Study	4,746	663	(5,409)	-
CHV50	DR193	Storm Drain Pipe Rehab Project For FY2013	667,122	-	(610,276)	56,846
CHV50	DR196	CMP Rehabilitation Program FY13-14	807,322	-	(807,322)	-
CHV50	DR198	Storm Drain Pipe Rehab FY15	60,955	-	(60,955)	-
CHV50	DR206	CMP Rehabilitation in ROW FY17	182,548	-	(204,209)	(21,661)
CHV50	DR207	Drainage Infra Assesmnt in ROW	21,170	-	(21,170)	-
CHV50	STM385	Bridge Maintenance	32,255	-	(32,255)	-
		Total CHV 50 Projects	<u>1,771,372</u>	<u>-</u>	<u>(1,736,187)</u>	<u>35,185</u>
		Subtotal Maintenance	<u>7,500,877</u>	<u>1,219</u>	<u>(7,657,259)</u>	<u>(155,163)</u>

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<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, 2017</u>
		Maintenance balance carried forward	\$ 7,500,877	\$ 1,219	\$ (7,657,259)	\$ (155,163)
CHV53	STL404	Bikeway Master Plan2016 Update	5,674	-	(5,614)	60
CHV75	STL405	ADA Curb Ramps FY2014/15	183,436	-	(189,831)	(6,395)
CHV75	STL415	ADA Curb Ramp Program FY16/17	15,097	-	(18,598)	(3,501)
		Total CHV 75 Projects	198,533	-	(208,429)	(9,896)
		Interest Income	-	10,630	-	10,630
		Total Maintenance	7,705,084	11,849	(7,871,302)	(154,369)
		Total Local Street Improvements	29,348,311	37,487	(29,195,034)	190,764
		Major Corridor Environmental Mitigation:				
V08	OP221	PMA Otay Tarplant &SD Thornmnt	268,380	-	(268,380)	-
V08	OP227	Cstl Ccts WrenHabitat Restrtn	119,707	-	(120,365)	(658)
V08	OP229	Cstl Ccts WrenHabitat Restrtn 2016	-	-	(1,247)	(1,247)
		Total Major Corridor Environmental Mitigation	388,087	-	(389,992)	(1,905)
		Bike and Pedestrian:				
CHV76	STL412	F Street Promenade Streetscape Masterplan	193,867	-	(204,539)	(10,672)
		Total Bike and Pedestrian	193,867	-	(204,539)	(10,672)
		Smart Growth:				
CHV63	OP217	Palomar Gateway Specific Plan	395,192	-	(381,026)	14,166
CHV73	STL400	Palomar Gateway Specific Plan	1,344,671	-	(1,344,671)	-
CHV74	N/A	Healthy Chula Vista Initiative	99,636	-	(94,970)	4,666
		Total Smart Growth	1,839,499	-	(1,820,667)	18,832

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Subtotal Cumulative <i>TransNet</i> Extension	<u>\$ 31,769,764</u>	<u>\$ 37,487</u>	<u>\$ (31,610,232)</u>	<u>\$ 197,019</u>
		Completed Projects:				
		LSI - Congestion Relief	9,759,873	4,132	(9,764,005)	-
		LSI - Maintenance	2,059,371	-	(2,059,371)	-
		Major Corridor Environmental Mitigation	535,080	-	(535,080)	-
		Bike and Pedestrian	379,525	-	(379,525)	-
		Smart Growth	<u>2,283,899</u>	<u>-</u>	<u>(2,283,899)</u>	<u>-</u>
		Total Completed Projects	<u>15,017,748</u>	<u>4,132</u>	<u>(15,021,880)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 46,787,512</u>	<u>\$ 41,619</u>	<u>\$ (46,632,112)</u>	<u>\$ 197,019</u>

CITY OF CHULA VISTA CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2017	June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2010	June 30, 2017		\$ 28,343	\$ 4,483	\$ (32,826)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2011	June 30, 2018		5,467	1,911	(7,378)	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019		39,992	1,243	(41,235)	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020		67,830	562	(68,392)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021		52,116	951	(27,390)	-	-	25,677	36,035
For Fiscal Year ended June 30, 2015	June 30, 2022		90,931	502	-	-	-	91,433	91,433
For Fiscal Year ended June 30, 2016	June 30, 2023		90,345	-	-	-	-	90,345	90,345
For Fiscal Year ended June 30, 2017	June 30, 2024		5,708	-	-	-	-	5,708	-
Interest Income			-	5,225	-	-	-	5,225	2,514
Subtotal RTCIP Funds			380,732	14,877	(177,221)	-	-	218,388	220,327
GASB 31 Market Value Adjustment			-	262	-	-	-	262	1,938
Total RTCIP Funds			\$ 380,732	\$ 15,139	\$ (177,221)	\$ -	\$ -	\$ 218,650	\$ 222,265

CITY OF CORONADO, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Coronado, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.
- Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
- Results: The City recorded total *TransNet* expenditures in the amount of \$201,778. We selected \$86,947 (43.09%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to resolve the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.
- Results: This procedure is not applicable as there were no indirect costs allocated to projects included within the RTIP.
- g. We reviewed 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, 2018.

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.

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

Fiscal year 2017 apportionment	\$580,161
Less: debt service payment	<u> -</u>
Net estimated apportionment	580,161
30% base	<u> 30%</u>
Fiscal year 2017 30% threshold	<u>174,048</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	74,558
Maintenance fund balance	<u> -</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>74,558</u>
Fund balance under apportionment	\$ <u>99,490</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$74,558	\$ (223,383)	\$ (148,825)
Maintenance	<u> -</u>	<u>1,565,728</u>	<u>1,565,728</u>
Totals	<u>\$74,558</u>	<u>\$1,342,345</u>	<u>\$1,416,903</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 1.28% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$4,062,225	\$ (289,175)	\$3,773,050
Maintenance	70,000	1,547,021	1,617,021
Interest	<u>9,298</u>	<u>84,499</u>	<u>93,797</u>
Total local street and road revenue	<u>\$4,141,523</u>	<u>\$1,342,345</u>	<u>\$5,483,868</u>
30% of total local street and road revenue			\$1,645,160
Less maintenance expenditures incurred to date			<u>(70,323)</u>
Available maintenance funds			<u>\$1,574,837</u>
Cumulative percentage expended for maintenance			<u>1.28%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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 is in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2017, is as follows:

Current year local discretionary expenditures	\$893,962
Less MOE base year requirement	<u>(685,316)</u>
Excess MOE for the year ended June 30, 2017	<u>\$208,646</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. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

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

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the

unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 18, 2017.

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

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

- 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, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion on the City's receipt and disbursement of TransNet funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
April 30, 2018

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 CORONADO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2017</u>	<u>Notes</u>
TransNet Extension:									
Congestion Relief:									
COR 07	9863-15SCG	Street, Curb & Gutter-FY15	\$ (101,624)	\$ 101,624	\$ -	\$ -	\$ -	\$ -	(a)
COR 07	9782-17SCG	Street, Curb & Gutter-FY17	-	248,376	438	(174,256)	-	74,558	
Total Congestion Relief			(101,624)	350,000	438	(174,256)	-	74,558	
Maintenance:									
COR 04	9869-SLRYSEAL	Street and Road Maintenance	3,435	-	-	(3,435)	-	-	(a)
Total Maintenance			3,435	-	-	(3,435)	-	-	
Senior Mini Grant:									
COR20	SMG16-17	Senior Out and About Mini-Grant	-	10,507	-	(24,087)	-	(13,580)	(b)
Total Senior Mini Grant			-	10,507	-	(24,087)	-	(13,580)	
Total <i>TransNet</i> Extension			(98,189)	360,507	438	(201,778)	-	60,978	
GASB 31 Market Value Adjustment			(3,630)	-	(115)	-	3,630	(115)	(c)
Total <i>TransNet</i> Extension after GASB 31 adjustment			<u>\$ (101,819)</u>	<u>\$ 360,507</u>	<u>\$ 323</u>	<u>\$ (201,778)</u>	<u>\$ 3,630</u>	<u>\$ 60,863</u>	

Notes:
 (a) Project completed as of June 30, 2017.
 (b) The City will request a drawdown in FY 18 to remove the deficit.
 (c) Adjustment was made to true-up the GASB 31 market value adjustment per the City's financial records.

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<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, 2017</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
COR 07	9863-15SCG	Street, Curb & Gutter-FY15	\$ 535,661	\$ -	\$ (535,661)	\$ -
COR 07	9782-17SCG	Street, Curb & Gutter-FY17	<u>248,376</u>	<u>438</u>	<u>(174,256)</u>	<u>74,558</u>
		Total Congestion Relief	<u>784,037</u>	<u>438</u>	<u>(709,917)</u>	<u>74,558</u>
Maintenance:						
COR 04	9869-SLRYSEAL	Street and Road Maintenance	<u>70,000</u>	<u>323</u>	<u>(70,323)</u>	<u>-</u>
		Total Maintenance	<u>70,000</u>	<u>323</u>	<u>(70,323)</u>	<u>-</u>
		Total Local Street Improvements	<u>854,037</u>	<u>761</u>	<u>(780,240)</u>	<u>74,558</u>
Senior Mini Grant:						
COR20	SMG16-17	Senior Out and About Mini-Grant	<u>10,507</u>	<u>-</u>	<u>(24,087)</u>	<u>(13,580)</u>
		Total Senior Mini Grant	<u>10,507</u>	<u>-</u>	<u>(24,087)</u>	<u>(13,580)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>864,544</u>	<u>761</u>	<u>(804,327)</u>	<u>60,978</u>
Completed Projects:						
		LSI - Congestion Relief	<u>3,278,188</u>	<u>8,537</u>	<u>(3,286,725)</u>	<u>-</u>
		Total Completed Projects	<u>3,278,188</u>	<u>8,537</u>	<u>(3,286,725)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 4,142,732</u>	<u>\$ 9,298</u>	<u>\$ (4,091,052)</u>	<u>\$ 60,978</u>

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative						Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2017	June 30, 2017	June 30, 2016	
For Fiscal Year ended June 30, 2010	June 30, 2017	COR14	\$ 2,040	\$ 381	\$ (2,421)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2011	June 30, 2018	COR14	16,648	557	(15,205)	-	-	2,000	1,988	
For Fiscal Year ended June 30, 2012	June 30, 2019	COR14	6,369	260	-	-	-	6,629	6,590	
For Fiscal Year ended June 30, 2013	June 30, 2020	COR14	4,330	109	-	-	-	4,439	4,413	
For Fiscal Year ended June 30, 2014	June 30, 2021	COR14	35,820	585	-	-	-	36,405	36,193	
For Fiscal Year ended June 30, 2015	June 30, 2022	COR14	24,273	307	-	-	-	24,580	24,437	
For Fiscal Year ended June 30, 2016	June 30, 2023	COR14	18,536	146	-	-	-	18,682	18,573	
For Fiscal Year ended June 30, 2017	June 30, 2024	COR14	21,213	125	-	-	-	21,338	-	
Total RTCIP Funds			129,229	2,470	(17,626)	-	-	114,073	92,194	
GASB 31 Market Value Adjustment			-	(175)	-	-	-	(175)	449	
Total RTCIP Funds			\$ 129,229	\$ 2,295	\$ (17,626)	\$ -	\$ -	\$ 113,898	\$ 92,643	

CITY OF DEL MAR, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Del Mar, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$791,216. We selected \$272,220 (34.41%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to the projects included in the RTIP.
- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or

expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as the City did not include any amounts in the Adjustments column.

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

Results: 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 the City did not transfer funds between projects during the fiscal year ended June 30, 2017.

- 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, 2018.

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.

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

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

Results: This procedure is not applicable as the City did not report any 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 included on Schedule A.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

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

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

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

Fiscal year 2017 apportionment	\$ 196,741
Less: debt service payment	<u>(192,560)</u>
Net estimated apportionment	4,181
30% base	<u>30%</u>
Fiscal year 2017 30% threshold	<u>1,254</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(7,483)
Maintenance fund balance	<u>1,000</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(6,483)</u>
Fund balance under apportionment	<u>\$ 7,737</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(7,483)	\$(144,807)	\$(152,290)
Maintenance	<u>1,000</u>	<u>155,227</u>	<u>156,227</u>
Totals	<u>\$(6,483)</u>	<u>\$ 10,420</u>	<u>\$ 3,937</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 6.51% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$5,646,911	\$(150,821)	\$5,496,090
Maintenance	394,626	153,689	548,315
Interest	<u>4,008</u>	<u>7,552</u>	<u>11,560</u>
 Total local street and road revenue	 <u>\$6,045,545</u>	 <u>\$ 10,420</u>	 <u>\$6,055,965</u>
 30% of total local street and road revenue			 \$1,816,790
Less maintenance expenditures incurred to date			 <u>(394,270)</u>
 Available maintenance funds			 <u>\$1,422,520</u>
 Cumulative percentage expended for maintenance			 <u>6.51%</u>

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

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Interest</u> <u>Payments</u>
2014 Series A Bonds	\$2,937,500	\$ -	\$51,250	\$2,886,250	\$141,310

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.
 - 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, 2017, is summarized as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Current year local discretionary expenditures	\$2,131,255	\$ 23,500	\$2,154,755
Less MOE base year requirement	<u>(368,365)</u>	<u>(16,973)</u>	<u>(385,338)</u>
Excess MOE for the year ended June 30, 2017	<u>\$1,762,890</u>	<u>\$ 6,527</u>	<u>\$1,769,417</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. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

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

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not allocate interest income to Schedule C due to minimal balance in RTCIP fund.

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 11, 2017.

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

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

- 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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

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

Daniel Fane WP

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 3,195	\$ -	\$ -	\$ -	\$ -	\$ 3,195	
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	(11,500)	599,478	-	(598,656)	-	(10,678)	(a)(b)
		2014 Series A Bond	-	192,560	-	(192,560)	-	-	
		Total Congestion Relief	(8,305)	792,038	-	(791,216)	-	(7,483)	
Maintenance:									
DM01	44.6101.5900	Resurfacing and Drainage Project	1,000	-	-	-	-	1,000	(c)
		Total Maintenance	1,000	-	-	-	-	1,000	
		Total Local Street Improvements	(7,305)	792,038	-	(791,216)	-	(6,483)	
Bikes and Pedestrian:									
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	(81,200)	81,200	-	-	-	-	
		Total Bikes and Pedestrian	(81,200)	81,200	-	-	-	-	
		Total <i>TransNet</i> Extension	(88,505)	873,238	-	(791,216)	-	(6,483)	
		GASB 31 Market Value Adjustment	(9)	-	-	-	-	(9)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	<u>\$ (88,514)</u>	<u>\$ 873,238</u>	<u>\$ -</u>	<u>\$ (791,216)</u>	<u>\$ -</u>	<u>\$ (6,492)</u>	

Notes:

(a) Beginning balance of \$11,500 was previously received and returned to the *TransNet* Fund in FY16 to cover the shortfall of lower than expected sales tax growth in FY16. The shortfall was paid with General Fund monies and will be reimbursed when sufficient *TransNet* funds are collected.

(b) Funds received for DM06 include bond proceeds received by the City on July 31, 2017 in the amount of \$387,602, and on December 5, 2017 in the amount of \$211,876.

(c) Due to the issuance of the 2014 Series A Bonds, and the lower than expected sales tax growth in previous years, sufficient funds have not been available above the funds required for principal and interest payments of the Bonds. Funds and activity are expected in FY18.

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 207,386	\$ 459	\$ (204,650)	\$ 3,195
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	4,199,985	1,494	(4,212,157)	(10,678)
		2014 Series A Bonds	<u>535,317</u>	<u>-</u>	<u>(535,317)</u>	<u>-</u>
		Total Congestion Relief	<u>4,942,688</u>	<u>1,953</u>	<u>(4,952,124)</u>	<u>(7,483)</u>
Maintenance:						
DM01	44.6101.5900	Resurfacing and Drainage Project	<u>394,626</u>	<u>644</u>	<u>(394,270)</u>	<u>1,000</u>
		Total Maintenance	<u>394,626</u>	<u>644</u>	<u>(394,270)</u>	<u>1,000</u>
		Total Local Street Improvements	<u>5,337,314</u>	<u>2,597</u>	<u>(5,346,394)</u>	<u>(6,483)</u>
Bikes and Pedestrian:						
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	<u>812,000</u>	<u>-</u>	<u>(812,000)</u>	<u>-</u>
		Total Bikes and Pedestrian	<u>812,000</u>	<u>-</u>	<u>(812,000)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>6,149,314</u>	<u>2,597</u>	<u>(6,158,394)</u>	<u>(6,483)</u>
Completed Projects:						
Local Street Improvements:						
		Commercial Paper Debt Service	1,082	-	(1,082)	-
		Congestion Relief	<u>704,223</u>	<u>1,411</u>	<u>(705,634)</u>	<u>-</u>
		Total Completed Projects	<u>705,305</u>	<u>1,411</u>	<u>(706,716)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 6,854,619</u>	<u>\$ 4,008</u>	<u>\$ (6,865,110)</u>	<u>\$ (6,483)</u>

CITY OF DEL MAR, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2017	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2010	June 30, 2017		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2011	June 30, 2018		-	-	-	-	-	-	
For Fiscal Year ended June 30, 2012	June 30, 2019		-	-	-	-	-	-	
For Fiscal Year ended June 30, 2013	June 30, 2020		2,165	84	(2,249)	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021		2,209	49	(2,241)	-	17	17	
For Fiscal Year ended June 30, 2015	June 30, 2022		-	-	-	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023		-	-	-	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024		-	-	-	-	-	-	
Total RTCIP Funds			<u>\$ 4,374</u>	<u>\$ 133</u>	<u>\$ (4,490)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 17</u>

CITY OF EL CAJON, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of El Cajon, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$2,449,001. We selected \$640,287 (26.14%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2017. The City's indirect cost plan has not been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. The City allocates costs to capital projects using a fully-burdened hourly rate multiplied by the actual hours worked. We reviewed the components of the fully-burdened rate and found them to be reasonable. The City's indirect cost plan was updated June 30, 2016. The dollar amount of the indirect costs charged to the *TransNet* program was \$22,178, resulting in 0.91% of indirect costs compared to total *TransNet* expenditures was 0.91%. 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, 2018.

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not report any 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual

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

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

Fiscal year 2017 apportionment	\$2,366,676
Less: debt service payment	<u> -</u>
Net estimated apportionment	2,366,676
30% base	<u> 30%</u>
Fiscal year 2017 30% threshold	<u> 710,003</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(12,065)
Maintenance fund balance	<u> 51,499</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> 39,434</u>
Fund balance under apportionment	<u>\$ 670,569</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(12,065)	\$ (342,673)	\$ (354,738)
Maintenance	<u>51,499</u>	<u>3,038,834</u>	<u>3,090,333</u>
Totals	<u>\$ 39,434</u>	<u>\$2,696,161</u>	<u>\$2,735,595</u>

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

Results: The City has expended 15.30% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$15,048,178	\$ (508,013)	\$14,540,165
Maintenance	3,264,761	2,979,908	6,244,669
Interest	<u>5,538</u>	<u>224,266</u>	<u>229,804</u>
 Total local street and road revenue	 <u>\$18,318,477</u>	 <u>\$2,696,161</u>	 <u>\$21,014,638</u>
 30% of total local street and road revenue			 \$ 6,304,391
Less maintenance expenditures incurred to date			 <u>(3,214,923)</u>
 Available maintenance funds			 <u>\$ 3,089,468</u>
 Cumulative percentage expended for maintenance			 <u>15.30%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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, 2017, is summarized as follows:

Current year local discretionary expenditures	\$ 1,906,981
Less MOE base year requirement	<u>(1,403,896)</u>
Excess MOE for the year ended June 30, 2017	<u>\$ 503,085</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. 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 \$276,147. We selected \$137,358 (49.74%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon

dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on September 12, 2017.

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

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

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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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



Irvine, California
May 11, 2018

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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, 2017

MPO ID	CIP Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	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	PW3510	Overlay Thoroughfares 2015	(10,807)	10,807	-	-	-	-	(a)
EL03	PW3576	Overlay Thoroughfares 2017	-	1,230,846	-	(1,296,341)	-	(65,495)	(b)
EL03	PW3513	Street Resurfacing/Preservation 2015	(3,347)	3,347	-	-	-	-	(a)
Total EL03 Projects			(14,154)	1,245,000	-	(1,296,341)	-	(65,495)	
EL06	PW3514	Traffic Signal Head Upgrades (Citywide)	-	-	-	1,839	(1,839)	-	(a)
EL06	PW3515	Traffic Signals- Avacado & Ballantyne	-	2,767	-	(2,767)	-	-	(a)
EL06	PW3516	Traffic Signals- Fletcher Parkway & Broadway	20,943	8,571	-	(29,514)	-	-	
EL06	PW3580	Traffic Signal System Upgrades 2017	-	90,662	-	(93,647)	1,839	(1,146)	(b)
Total EL06 Projects			20,943	102,000	-	(124,089)	-	(1,146)	
EL18	PW3577	Street Light LED Retrofit Program 2017	-	52,491	-	(65,809)	-	(13,318)	(b)
EL18	PW3541	Streetlights	(17,509)	17,509	-	-	-	-	(a)
Total EL18 Projects			(17,509)	70,000	-	(65,809)	-	(13,318)	
EL27	PW3432	Pedestrian Safety Greenfield	(242,939)	900,000	-	(640,137)	-	16,924	(a)(c)
EL28	PW3402	Intersection Jamacha / Main	2,125	-	-	-	-	2,125	(a)(c)
EL29	PW3579	Traffic Safety Calming 2017	-	45,000	-	(31,671)	-	13,329	
EL29	PW3491	Traffic Safety Calming	30,998	-	-	-	-	30,998	(a)(c)
Total EL29 Projects			30,998	45,000	-	(31,671)	-	44,327	
Subtotal Congestion Relief			(220,536)	2,362,000	-	(2,158,047)	-	(16,583)	

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Conjestion Relief balance carried forward	\$ (220,536)	\$ 2,362,000	\$ -	\$ (2,158,047)	\$ -	\$ (16,583)	
EL30	PW3482	Second & Madison Intersection Improvement	641	-	-	-	-	641	(a)(c)
		Interest Income	3,918	-	(41)	-	-	3,877	(d)
		Total Congestion Relief	<u>(215,977)</u>	<u>2,362,000</u>	<u>(41)</u>	<u>(2,158,047)</u>	<u>-</u>	<u>(12,065)</u>	
		Maintenance:							
EL11	PW3405	Sidewalk	(17,342)	35,000	-	-	-	17,658	
EL21	PW3513	Street Resurfacing/Preservation 2015	14,477	-	-	-	(14,477)	-	(a)
EL21	PW3578	Street Resurfacing/Preservation 2017	-	55,000	-	(52,003)	14,477	17,474	
EL25	PW3375	Slope Repair Fletcher Pkwy	6,079	-	-	-	-	6,079	(a)(c)
EL32	PW3511	Pavement Management System	4,600	10,000	-	(5,973)	-	8,627	
		Interest Income	1,678	-	(17)	-	-	1,661	(d)
		Total Maintenance	<u>9,492</u>	<u>100,000</u>	<u>(17)</u>	<u>(57,976)</u>	<u>-</u>	<u>51,499</u>	
		Total Local Street improvements	<u>(206,485)</u>	<u>2,471,700</u>	<u>(58)</u>	<u>(2,225,723)</u>	<u>-</u>	<u>39,434</u>	
		Smart Growth:							
EL33	MG3545	El Cajon Transit Center Mobility Plan	(11,039)	211,160	-	(223,278)	-	(23,157)	(b)
		Total Smart Growth	<u>(11,039)</u>	<u>211,160</u>	<u>-</u>	<u>(223,278)</u>	<u>-</u>	<u>(23,157)</u>	
		Total <i>TransNet</i> Extension	<u>(217,524)</u>	<u>2,682,860</u>	<u>(58)</u>	<u>(2,449,001)</u>	<u>-</u>	<u>16,277</u>	
		GASB 31 Market Value Adjustment	<u>(1,249)</u>	<u>-</u>	<u>(243)</u>	<u>-</u>	<u>1,249</u>	<u>(243)</u>	(e)
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	<u>\$ (218,773)</u>	<u>\$ 2,682,860</u>	<u>\$ (301)</u>	<u>\$ (2,449,001)</u>	<u>\$ 1,249</u>	<u>\$ 16,034</u>	

Notes:

- (a) Project completed.
- (b) City will request funds during FY18.
- (c) Balances from completed projects were reallocated by the City Council on April 24, 2018 in accordance with the 2018 RTIP amendment schedule.
- (d) Negative interest is a result of reversal of a prior year accrual that was greater than actual interest received for the year.
- (e) Adjustment to GASB 31 was made to agree to City's Financial Records.

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
EL06	N/A	Regional Arterial Management Systems	\$ 48,500	\$ -	\$ (48,500)	\$ -
		Total Congestion Relief - Pass-Through	<u>48,500</u>	<u>-</u>	<u>(48,500)</u>	<u>-</u>
Congestion Relief:						
EL03	PW3510	Overlay Thoroughfares 2015	1,313,637	-	(1,313,637)	-
EL03	PW3576	Overlay Thoroughfares 2017	1,230,846	-	(1,296,341)	(65,495)
EL03	PW3513	Street Resurfacing/Preservation 2015	<u>3,347</u>	<u>-</u>	<u>(3,347)</u>	<u>-</u>
		Total EL03 Projects	<u>2,547,830</u>	<u>-</u>	<u>(2,613,325)</u>	<u>(65,495)</u>
EL06	PW3514	Traffic Signal Head Upgrades (Citywide)	-	-	-	-
EL06	PW3515	Traffic Signals- Avacado & Ballantyne	41,438	-	(41,438)	-
EL06	PW3516	Traffic Signals- Fletcher Parkway & Broadway	60,218	-	(60,218)	-
EL06	PW3580	Traffic Signal System Upgrades 2017	<u>92,501</u>	<u>-</u>	<u>(93,647)</u>	<u>(1,146)</u>
		Total EL06 Projects	<u>194,157</u>	<u>-</u>	<u>(195,303)</u>	<u>(1,146)</u>
EL18	PW3577	Street Light LED Retrofit Program 2017	52,491	-	(65,809)	(13,318)
EL18	PW3541	Streetlights	<u>17,509</u>	<u>-</u>	<u>(17,509)</u>	<u>-</u>
		Total EL18 Projects	<u>70,000</u>	<u>-</u>	<u>(83,318)</u>	<u>(13,318)</u>
EL27	PW3432	Pedestrian Safety Greenfield	<u>1,707,000</u>	<u>-</u>	<u>(1,690,076)</u>	<u>16,924</u>
EL28	PW3402	Intersection Jamacha / Main	<u>190,650</u>	<u>-</u>	<u>(188,525)</u>	<u>2,125</u>
EL29	PW3579	Traffic Safety Calming 2017	45,000	-	(31,671)	13,329
EL29	PW3491	Traffic Safety Calming	<u>179,775</u>	<u>-</u>	<u>(148,777)</u>	<u>30,998</u>
		Total EL29 Projects	<u>224,775</u>	<u>-</u>	<u>(180,448)</u>	<u>44,327</u>
		Subtotal Congestion Relief	<u>4,934,412</u>	<u>-</u>	<u>(4,950,995)</u>	<u>(16,583)</u>

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Congestion Relief balance carried forward	\$ 4,934,412	\$ -	\$ (4,950,995)	\$ (16,583)
EL30	PW3482	Second & Madison Intersection Improvement	346,323	-	(345,682)	641
		Interest Income	-	3,877	-	3,877
		Total Congestion Relief	<u>5,280,735</u>	<u>3,877</u>	<u>(5,296,677)</u>	<u>(12,065)</u>
		Maintenance:				
EL11	PW3405	Sidewalk	350,956	-	(333,298)	17,658
EL21	PW3513	Street Resurfacing/Preservation 2015	262,432	-	(262,432)	-
EL21	PW3578	Street Resurfacing/Preservation 2017	69,477	-	(52,003)	17,474
EL25	PW3375	Slope Repair Fletcher Pkwy & Murry Dr.	159,000	-	(152,921)	6,079
EL32	PW3511	Pavement Management System	15,000	-	(6,373)	8,627
		Interest Income	-	1,661	-	1,661
		Total Maintenance	<u>856,865</u>	<u>1,661</u>	<u>(807,027)</u>	<u>51,499</u>
		Total Local Street Improvements	<u>6,186,100</u>	<u>5,538</u>	<u>(6,152,204)</u>	<u>39,434</u>
		Smart Growth:				
EL33	MG3545	El Cajon Transit Center Mobility Plan	211,160	-	(234,317)	(23,157)
		Total Smart Growth	<u>211,160</u>	<u>-</u>	<u>(234,317)</u>	<u>(23,157)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>6,397,260</u>	<u>5,538</u>	<u>(6,386,521)</u>	<u>16,277</u>
		Completed Projects:				
		Congestion Relief	9,718,943	-	(9,718,943)	-
		Maintenance	2,407,896	-	(2,407,896)	-
		Total Completed Projects	<u>12,126,839</u>	<u>-</u>	<u>(12,126,839)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 18,524,099</u>	<u>\$ 5,538</u>	<u>\$ (18,513,360)</u>	<u>\$ 16,277</u>

CITY OF EL CAJON CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2017	June 30, 2017	June 30, 2016	
For Fiscal Year ended June 30, 2010	June 30, 2017	EL03	\$ 89,760	\$ 4,358	\$ (94,118)	\$ -	\$ -	\$ -	\$ 60,816	
For Fiscal Year ended June 30, 2011	June 30, 2018	EL03	22,440	690	(23,130)	-	-	-	23,130	
For Fiscal Year ended June 30, 2012	June 30, 2019	EL03	451	10	(461)	-	-	-	461	
For Fiscal Year ended June 30, 2013	June 30, 2020	EL03	19,485	221	(19,706)	-	-	-	19,706	
For Fiscal Year ended June 30, 2014	June 30, 2021	EL03	50,807	334	(50,375)	(766)	-	-	50,375	(a)
For Fiscal Year ended June 30, 2015	June 30, 2022	EL03	132,986	442	(121,659)	-	(3,853)	7,916	133,428	
For Fiscal Year ended June 30, 2016	June 30, 2023		13,860	991	-	-	-	14,851	13,860	
For Fiscal Year ended June 30, 2017	June 30, 2024		260,933	-	-	-	-	260,933	-	(b)
Interest Income			-	3,588	-	-	-	3,588	991	
Total RTCIP Funds			<u>\$ 590,722</u>	<u>\$ 10,634</u>	<u>\$ (309,449)</u>	<u>\$ (766)</u>	<u>\$ (3,853)</u>	<u>\$ 287,288</u>	<u>\$ 302,767</u>	

Notes:

- (a) Adjustment to reverse accrued interest from FY09 to FY13.
- (b) FY16 unearned RTCIP fees added to FY17 receipts. FY17 receipts presented as gross receipts.

CITY OF ENCINITAS, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Encinitas, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$1,917,707. We selected \$949,488 (49.51%) 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 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to projects included within the RTIP.
- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or

expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: 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, 2018.

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

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

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

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

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

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to

another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

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

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

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

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

Fiscal year 2017 apportionment	\$1,615,414
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,615,414
30% base	<u>30%</u>
Fiscal year 2017 30% threshold	<u>484,624</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(41,809)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(41,809)</u>
Fund balance under apportionment	<u>\$ 526,433</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(41,809)	\$ 917,169	\$ 875,360
Maintenance	<u>-</u>	<u>3,674,734</u>	<u>3,674,734</u>
Totals	<u>\$(41,809)</u>	<u>\$4,591,903</u>	<u>\$4,550,094</u>

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

Results: The City has expended 8.44% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$10,742,556	\$ 677,263	\$11,419,819
Maintenance	1,414,737	3,590,159	5,004,896
Interest	<u>19,521</u>	<u>324,481</u>	<u>344,002</u>
 Total local street and road revenue	 <u>\$12,176,814</u>	 <u>\$4,591,903</u>	 <u>\$16,768,717</u>
 30% of total local street and road revenue			 \$ 5,030,615
Less maintenance expenditures incurred to date			 <u>(1,415,125)</u>
 Available maintenance funds			 <u>\$ 3,615,490</u>
 Cumulative percentage expended for maintenance			 <u>8.44%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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, 2017, is summarized as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Current year local discretionary expenditures	\$7,043,154	\$5,507	\$7,048,661
Less MOE base year requirement	<u>(1,665,638)</u>	<u>(46)</u>	<u>(1,665,684)</u>
Excess MOE for the year ended June 30, 2017	<u>\$5,377,516</u>	<u>\$5,461</u>	<u>\$5,382,977</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 RTCIP exaction fee requirement. See Finding 1 in the Findings and Recommendations section of this report.

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

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

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

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

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

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

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

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

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

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

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

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

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

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

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

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

- x. 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 18, 2017.

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

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

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 findings.

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

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

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

Darin Fam UP

Irvine, California
May 10, 2018

CITY OF ENCINITAS, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2017

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

Per review of the City's exaction fee collections as of June 30, 2017, the City is not in compliance with the required exaction amount of \$2,357. The City incorrectly charged the old exaction fee rate for 1 out of 40 permits issued. Per inquiry with the City, a City Clerk erroneously charged the prior year amount to the developer for an exaction. This resulted in an under-collection of the exaction fee in the amount of \$47.

SANDAG Board recommendations as of February 26, 2016 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 \$2,310 to \$2,357 beginning July 1, 2016."

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 \$47. 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

The City collected the prior year's exaction fee rate of \$2,310 on the permit in question. Although the fee schedule and paperwork had been updated with the new exaction amount of \$2,357 as of July 1, 2017, it was not updated for this particular permit in the building permit software system. Therefore, the customer paid the prior year's fee. The City billed the customer for the additional \$47 on October 12, 2017 and the payment was received on November 14, 2017. The fee schedule was correct throughout FY 2016-17.

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
ENC28	CS02G	Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
ENC14A	CS16A	FY 15/16 Annual Street Overlay	1,440	-	67	-	(1,507)	-	(a)(b)
ENC14A	CS17A	FY 16/17 Annual Street Overlay	-	1,514,559	-	(1,516,000)	1,507	66	(a)
		Total ENC 14A Projects	1,440	1,514,559	67	(1,516,000)	-	66	
ENC19	CS02F	Traffic safety and calming	2,161	-	100	-	(2,261)	-	(a)
ENC19	CS14G	Urania Ave Neighborhood Traffic Calming	-	33,088	-	(35,349)	2,261	-	(a)(b)
		Total ENC 19 Projects	2,161	33,088	100	(35,349)	-	-	
ENC20	CS04D	No. Coast Hwy 101 streetscape	235,319	1,375	10,892	(278,092)	-	(30,506)	(c)
ENC28	CS02G	Traffic Signal Modification	53,596	-	2,481	-	(56,077)	-	(a)(b)
ENC28	CS14E	Upgrade Traffic Signals - El Camino	-	-	-	(32,714)	21,345	(11,369)	(a)(c)
ENC28	CS14F	Upgrade Traffic Signals - Leucadia Blvd	-	10,000	-	(44,732)	34,732	-	(a)
		Total ENC 28 Projects	53,596	10,000	2,481	(77,446)	-	(11,369)	
		Total Congestion Relief	292,516	1,559,022	13,540	(1,906,887)	-	(41,809)	

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
Maintenance:									
ENC17	CS07B	Santa Fe Dr/l-5 MacKinnon Improvements	\$ (107,947)	\$ 107,947	\$ -	\$ -	\$ -	\$ -	
ENC17	CS15C	South Coast Hwy 101 Sidewalk Improvement	-	3,420	-	(3,420)	-	-	
Total ENC17 Projects			(107,947)	111,367	-	(3,420)	-	-	
Total Maintenance			(107,947)	111,367	-	(3,420)	-	-	
Total Local Street Improvements			184,569	1,677,789	13,540	(1,917,707)	-	(41,809)	
Total <i>TransNet</i> Extension			<u>\$ 184,569</u>	<u>\$ 1,677,789</u>	<u>\$ 13,540</u>	<u>\$ (1,917,707)</u>	<u>\$ -</u>	<u>\$ (41,809)</u>	

- Notes:
- (a) Adjustments made as an interproject (MPOID) transfer.
 - (b) Project complete.
 - (c) Funding will be requested in FY18 to remove the deficit.

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<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, 2017</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
ENC28	CS02G	Regional Arterial Management Systems	\$ 37,000	\$ -	\$ (37,000)	\$ -
		Total Congestion Relief - Pass Through	<u>37,000</u>	<u>-</u>	<u>(37,000)</u>	<u>-</u>
Congestion Relief:						
ENC14A	CS16A	FY 15/16 Annual Street Overlay	2,004,358	1,507	(2,005,865)	-
ENC14A	CS17A	FY 16/17 Annual Street Overlay	<u>1,516,066</u>	<u>-</u>	<u>(1,516,000)</u>	<u>66</u>
		Total ENC14A Projects	<u>3,520,424</u>	<u>1,507</u>	<u>(3,521,865)</u>	<u>66</u>
ENC19	CS02F	Traffic safety and calming	68,643	229	(68,872)	-
ENC19	CS14G	Urania Ave Neighborhood Traffic Calming	<u>35,349</u>	<u>-</u>	<u>(35,349)</u>	<u>-</u>
		Total ENC19 Projects	<u>103,992</u>	<u>229</u>	<u>(104,221)</u>	<u>-</u>
ENC20	CS04D	No. Coast Hwy 101 streetscape	<u>1,526,523</u>	<u>11,616</u>	<u>(1,568,645)</u>	<u>(30,506)</u>
ENC28	CS02G	Traffic signal modification	187,571	3,476	(191,047)	-
ENC28	CS14E	Upgrade Traffic Signals - El Camino	28,786	-	(40,155)	(11,369)
ENC28	CS14F	Upgrade Traffic Signals - Leucadia Blvd	<u>52,977</u>	<u>-</u>	<u>(52,977)</u>	<u>-</u>
		Total ENC28 Projects	<u>269,334</u>	<u>3,476</u>	<u>(284,179)</u>	<u>(11,369)</u>
		Total Congestion Relief	<u>5,420,273</u>	<u>16,828</u>	<u>(5,478,910)</u>	<u>(41,809)</u>

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

SCHEDULE B

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
Maintenance:						
ENC 17	CS01E	Safe Route to Schools - Phase II	\$ 34,288	\$ -	\$ (34,288)	\$ -
ENC 17	CS07B	Santa Fe Dr/I-5 MacKinnon Improvements	281,356	388	(281,744)	-
ENC 17	CS15C	South Coast Hwy 101 Sidewalk Improvement	16,335	-	(16,335)	-
Subtotal ENC 17 Projects			<u>331,979</u>	<u>388</u>	<u>(332,367)</u>	<u>-</u>
Total Maintenance			<u>331,979</u>	<u>388</u>	<u>(332,367)</u>	<u>-</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>5,789,252</u>	<u>17,216</u>	<u>(5,848,277)</u>	<u>(41,809)</u>
Completed Projects:						
LSI - Congestion Relief			5,285,283	2,305	(5,287,588)	-
LSI - Maintenance			1,082,758	-	(1,082,758)	-
Environmental Mitigation Grant			<u>52,744</u>	<u>-</u>	<u>(52,744)</u>	<u>-</u>
Total Completed Projects			<u>6,420,785</u>	<u>2,305</u>	<u>(6,423,090)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 12,210,037</u>	<u>\$ 19,521</u>	<u>\$ (12,271,367)</u>	<u>\$ (41,809)</u>

CITY OF ENCINITAS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

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, 2017	June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2010	June 30, 2017	ENC20	\$ 34,680	\$ 526	\$ -	\$ -	\$ (35,206)	\$ -	\$ 35,206
For Fiscal Year ended June 30, 2011	June 30, 2018	ENC20	206,214	2,670	-	-	(208,884)	-	208,884
For Fiscal Year ended June 30, 2012	June 30, 2019	ENC20	138,651	1,370	-	-	(35,910)	104,111	140,021
For Fiscal Year ended June 30, 2013	June 30, 2020		123,111	1,067	-	-	-	124,178	124,178
For Fiscal Year ended June 30, 2014	June 30, 2021		176,720	1,095	-	-	-	177,815	177,815
For Fiscal Year ended June 30, 2015	June 30, 2022		207,323	891	-	-	-	208,214	208,214
For Fiscal Year ended June 30, 2016	June 30, 2023		242,595	-	-	-	-	242,595	242,595
For Fiscal Year ended June 30, 2017	June 30, 2024		94,233	-	-	-	-	94,233	-
Interest Income			-	14,019	-	-	-	14,019	6,905
Total RTCIP Funds			<u>\$ 1,223,527</u>	<u>\$ 21,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (280,000)</u>	<u>\$ 965,165</u>	<u>\$ 1,143,818</u>

CITY OF ESCONDIDO, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Escondido, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$3,402,965. We selected \$1,621,122 (47.64%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2017. The City's indirect cost 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 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 costs charged by department varied between 0.43% and 19.22%. The City allocated a total of \$110,302 of indirect costs in the RTIP, resulting in 3.24% of indirect costs compared to total *TransNet* expenditures. The

City's indirect cost plan was last updated during the fiscal year ended June 30, 2016. 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, 2018.

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

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

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

- k. We obtained approval from SANDAG staff for the reason of inactivity.
- Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.
- Results: No exceptions were noted as a result of our procedures.
- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.
- Results: This procedure is not applicable as the City did not report any non-*TransNet* activity on 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt

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

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

Fiscal year 2017 apportionment	\$3,480,180
Less: debt service payment	<u> -</u>
Net estimated apportionment	3,480,180
30% base	<u> 30%</u>
Fiscal year 2017 30% threshold	<u>1,044,054</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	886,206
Maintenance fund balance	<u>15,609</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>901,815</u>
Fund balance under apportionment	<u>\$ 142,239</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$886,206	\$12,839,825	\$13,726,031
Maintenance	<u>15,609</u>	<u>1,108,841</u>	<u>1,124,450</u>
Totals	<u>\$901,815</u>	<u>\$13,948,666</u>	<u>\$14,850,481</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 24.23% of cumulative local street and road revenue for maintenance as indicated as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$12,939,808	\$12,282,357	\$25,222,165
Maintenance	8,617,511	862,242	9,479,753
Interest	<u>27,983</u>	<u>804,067</u>	<u>832,050</u>
Total local street and road revenue	<u>\$21,585,302</u>	<u>\$13,948,666</u>	<u>\$35,533,968</u>
30% of total local street and road revenue			\$10,660,190
Less maintenance expenditures incurred to date			<u>(8,608,782)</u>
Available maintenance funds			<u>\$ 2,051,408</u>
Cumulative percentage expended for maintenance			<u>24.23%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
- 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, 2017, is summarized as follows:

Current year local discretionary expenditures	\$5,103,515
Less MOE base year requirement	<u>(2,534,929)</u>
Excess MOE for the year ended June 30, 2017	<u>\$2,568,586</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 two permits issued. 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. 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 \$19,926. We selected \$16,400 (82.30%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on September 25, 2017.

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

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

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 findings.

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

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

 Dan Jones

Irvine, California
April 30, 2018

CITY OF ESCONDIDO, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2017

(1) Need to Use Approved Exaction Fee

Per review of the City’s exaction fee collections for the year ended June 30, 2017, the City did not consistently collect the required exaction fee amount of \$2,357. For 2 permits issued, the exaction fee collected was based upon the fiscal year (FY) 2015-16 exaction fee amount of \$2,310. This resulted in an under-collection of the exaction fee in the amount of \$94 as follows:

<u>Permit Number</u>	<u>Site Address</u>	<u>Parcel Number</u>	<u>Audited Amount</u>	<u>Amount Charged</u>	<u>Variance</u>
B16-0789	1795 Foothill View PI	2241712500	\$2,357	\$2,310	\$47
B16-0788	1803 Foothill View PI	2241712400	<u>2,357</u>	<u>2,310</u>	<u>47</u>
			<u>\$4,714</u>	<u>\$4,620</u>	<u>\$94</u>

SANDAG Board recommendations as of February 26, 2016 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 \$2,310 to \$2,357 beginning July 1, 2016.”

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 \$94. 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 ESCONDIDO, CALIFORNIA

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

Findings and Recommendations (Continued)

Year Ended June 30, 2017

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

Management Response

The permits B16-0788 and B16-0789 were applied for on 3/16/2016 and RTCIP fees were entered as \$2,310 to provide the applicant with an estimate. Permits were not obtained until 9/20/2016 and our counter staff did not catch the increased fee of \$2357. The City notified the applicant of the error and the \$94 difference was received on 01/03/2018.

Notices are posted at the counter and the counter technicians are reminded of the RTCIP increases every July. The City's Information Systems Department is developing a report for staff to run at the beginning of each fiscal year to make sure that RTCIP fees are updated in permits that have been set up for estimates, but not yet issued, to prevent this error from happening 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, 2016, through June 30, 2017.

“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 ESCONDIDO, CALIFORNIA
 TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
TransNet:									
Local Streets and Roads:									
ESC02	690219	Bear Valley/ East Valley Pkwy	\$ 54,708	\$ -	\$ -	\$ -	\$ (54,708)	\$ -	(a)(b)
ESC02A	691705	East Valley/Valley Center Road	-	-	-	(53,976)	53,976	-	(a)
ESC05	696701	El Norte Pkwy Sale of Property	43,007	-	-	-	(43,007)	-	(a)(b)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	1,449,573	-	-	-	(1,449,573)	-	(c)
ESC38	694601	Pavement Rehabilitation FY16	-	-	-	(1,493,312)	1,493,312	-	(a)(c)
Total Local Streets and Roads			1,547,288	-	-	(1,547,288)	-	-	
Total TransNet			1,547,288	-	-	(1,547,288)	-	-	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ESC02A	691705	East Valley/Valley Center Road	156,865	20,000	-	(166,418)	-	10,447	
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	109,400	-	-	(45,085)	-	64,315	
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	808,084	-	-	(6,401)	-	801,683	
ESC24	690029	Centre City/Highway 78 to Mission Ave	(38,799)	60,000	-	(15,283)	-	5,918	
ESC36	691201	Valley Blvd Relocation	1,059	-	-	-	-	1,059	(d)
Subtotal Congestion Relief			1,036,609	80,000	-	(233,187)	-	883,422	
ESC38	697502	Pavement Rehabilitation FY15	66,751	-	-	(66,751)	-	-	(b)
ESC38	694601	Pavement Rehabilitation FY16	(18,194)	429,413	-	(411,219)	-	-	(b)
ESC38	694701	Pavement Rehabilitation FY17	-	163,739	-	(181,624)	7,500	(10,385)	(a)(e)
Total ESC38 Project			48,557	593,152	-	(659,594)	7,500	(10,385)	
ESC39	691402	Traffic Signals & Intersections FY14	18,707	10,000	-	(24,094)	-	4,613	
Interest Income			7,500	-	8,556	-	(7,500)	8,556	(a)
Total Congestion Relief			1,111,373	683,152	8,556	(916,875)	-	886,206	

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
Maintenance:									
ESC11	697001	Street Maintenance - ARRA	\$ (44,680)	\$ 44,680	\$ -	\$ -	\$ -	\$ -	(b)
ESC37	697601	Pavement Maintenance FY16	(314,025)	988,300	-	(665,546)	-	8,729	
ESC37	697701	Pavement Maintenance FY17	-	-	-	-	3,214	3,214	(a)
Subtotal Maintenance			(358,705)	1,032,980	-	(665,546)	3,214	11,943	
Interest Income			3,214	-	3,666	-	(3,214)	3,666	(a)
Total Maintenance			(355,491)	1,032,980	3,666	(665,546)	-	15,609	
Total Local Street Improvements			755,882	1,716,132	12,222	(1,582,421)	-	901,815	
Bikes and Pedestrian:									
ESC43	699501	Esc Creek Bikeway Missing Link	(10,444)	101,435	-	(109,066)	-	(18,075)	(f)
Total Bikes and Pedestrian			(10,444)	101,435	-	(109,066)	-	(18,075)	
Smart Growth:									
ESC44	699601	Transit Center Active Transportation Connections	(765)	110,916	-	(164,190)	-	(54,039)	(f)
Total Smart Growth			(765)	110,916	-	(164,190)	-	(54,039)	
Total <i>TransNet</i> Extension			744,673	1,928,483	12,222	(1,855,677)	-	829,701	
Total <i>TransNet</i> and <i>TransNet</i> Extension			2,291,961	1,928,483	12,222	(3,402,965)	-	829,701	
GASB 31 market value adjustment			21,819	-	(21,819)	-	-	-	
Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 adjustment			\$ 2,313,780	\$ 1,928,483	\$ (9,597)	\$ (3,402,965)	\$ -	\$ 829,701	

CITY OF ESCONDIDO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Project	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
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Notes:

- (a) Per City Council action on March 22, 2017, Resolution 2017-36 and 2016 RTIP Amendment No. 4, the following adjustments were made: \$53,976 of the remaining Local Streets and Roads cash on hand for ESC 02 was moved to ESC02A, and \$732 was moved to ESC 38; remaining Local Streets and Roads cash on hand for ESC05 was moved to ESC 38; pooled congestion relief interest from FY16 was moved to ESC 38; and pooled maintenance interest from FY16 was moved to ESC 37.
- (b) Project is complete.
- (c) Per SANDAG, the City needed to spend its remaining Local Streets and Roads cash on hand during FY17, but project ESC 06 was not moving forward as quickly as planned. Per City Council action on June 21, 2017, Resolution 2017-101 and 2016 RTIP Amendment No. 6, the remaining Local Streets and Roads cash on hand for ESC 06 was moved to ESC 38.
- (d) ESC 36 has been delayed.
- (e) More expenditures were incurred than anticipated for ESC38. Additional funds will be requested in FY18 to ensure the ending balance is not negative.
- (f) Projects ESC43 and ESC44 negative ending balances are due to retentions held with SANDAG, and reimbursements due to the City for June invoices that were paid after reimbursement requests were sent to SANDAG.

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
ESC02A	691705	East Valley/Valley Center Road	\$ 1,404,572	\$ 130	\$ (1,394,255)	\$ 10,447
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	987,637	321	(923,643)	64,315
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	808,084	-	(6,401)	801,683
ESC24	690029	Centre City/Highway 78 to Mission Ave	110,000	-	(104,082)	5,918
ESC36	691201	Valley Blvd Relocation	25,000	-	(23,941)	1,059
Subtotal Congestion Relief			<u>3,335,293</u>	<u>451</u>	<u>(2,452,322)</u>	<u>883,422</u>
ESC38	697502	Pavement Rehabilitation FY15	2,234,930	-	(2,234,930)	-
ESC38	694601	Pavement Rehabilitation FY16	429,413	-	(429,413)	-
ESC38	694701	Pavement Rehabilitation FY17	163,739	7,500	(181,624)	(10,385)
Total ESC38 Project			<u>2,828,082</u>	<u>7,500</u>	<u>(2,845,967)</u>	<u>(10,385)</u>
ESC39	691402	Traffic Signals & Intersections FY14	100,000	-	(95,387)	4,613
Interest Income			-	8,556	-	8,556
Total Congestion Relief			<u>6,263,375</u>	<u>16,507</u>	<u>(5,393,676)</u>	<u>886,206</u>
Maintenance:						
ESC11	697001	Street Maintenance - ARRA	2,219,990	-	(2,219,990)	-
ESC37	697601	Pavement Maintenance FY16	988,300	-	(979,571)	8,729
ESC37	697701	Pavement Maintenance FY17	-	3,214	-	3,214
Subtotal Maintenance			<u>3,208,290</u>	<u>3,214</u>	<u>(3,199,561)</u>	<u>11,943</u>

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Balance carried forward - Maintenance	\$ 3,208,290	\$ 3,214	\$ (3,199,561)	\$ 11,943
		Interest Income	-	3,666	-	3,666
		Total Maintenance	<u>3,208,290</u>	<u>6,880</u>	<u>(3,199,561)</u>	<u>15,609</u>
		Total Local Street Improvements	<u>9,471,665</u>	<u>23,387</u>	<u>(8,593,237)</u>	<u>901,815</u>
		Bikes and Pedestrian:				
ESC43	699501	Esc Creek Bikeway Missing Link	<u>162,676</u>	-	<u>(180,751)</u>	<u>(18,075)</u>
		Total Bikes and Pedestrian	<u>162,676</u>	-	<u>(180,751)</u>	<u>(18,075)</u>
		Smart Growth:				
ESC44	699601	Transit Center Active Transportation Connections	<u>117,800</u>	-	<u>(171,839)</u>	<u>(54,039)</u>
		Total Smart Growth	<u>117,800</u>	-	<u>(171,839)</u>	<u>(54,039)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>9,752,141</u>	<u>23,387</u>	<u>(8,945,827)</u>	<u>829,701</u>
		Completed Projects:				
		Congestion Relief	6,332,347	117	(6,332,464)	-
		Congestion Relief Pass-Through	344,086	-	(344,086)	-
		Maintenance	5,409,221	-	(5,409,221)	-
		Completed Bikes and Pedestrian	<u>1,161,050</u>	<u>4,479</u>	<u>(1,165,529)</u>	-
		Total Completed Projects	<u>13,246,704</u>	<u>4,596</u>	<u>(13,251,300)</u>	-
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 22,998,845</u>	<u>\$ 27,983</u>	<u>\$ (22,197,127)</u>	<u>\$ 829,701</u>

SCHEDULE C

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2017

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, 2017	June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2009	June 30, 2016	ESC02A	\$ 18,000	\$ 3,509	\$ (21,255)	\$ -	\$ (254)	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	ESC02A	63,120	7,707	-	-	(70,827)	-	-
For Fiscal Year ended June 30, 2011	June 30, 2018	ESC02A	24,767	2,229	-	-	(26,996)	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	ESC02A	21,351	1,475	-	-	(22,826)	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	ESC02A	43,384	2,400	-	-	(45,784)	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	ESC02A	187,765	6,012	-	-	(175,308)	18,469	18,469
For Fiscal Year ended June 30, 2015	June 30, 2022		200,779	1,423	-	-	-	202,202	202,202
For Fiscal Year ended June 30, 2016	June 30, 2023		267,312	-	-	-	-	267,312	267,312
For Fiscal Year ended June 30, 2017	June 30, 2024		453,403	-	-	-	-	453,403	-
Interest Income			-	11,618	-	-	-	11,618	12,833
Total RTCIP Funds			\$ 1,279,881	\$ 36,373	\$ (21,255)	\$ -	\$ (341,995)	\$ 953,004	\$ 500,816

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Imperial Beach, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$2,096,476. We selected \$574,341 (27.40%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

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

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

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

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

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

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

Results: No exceptions 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, 2018.

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

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

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

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

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

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP

followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

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

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

Results: This procedure is not applicable as the City did not report any 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 noted on Schedule A.

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

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

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

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

Fiscal year 2017 apportionment	\$682,589
Less: debt service payment	<u>-</u>
Net estimated apportionment	682,589
30% base	<u>30%</u>
Fiscal year 2017 30% threshold	<u>204,777</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	72,011
Maintenance fund balance	<u>36,437</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>108,448</u>
Fund balance under apportionment	\$ <u><u>96,329</u></u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 72,011	\$1,810	\$ 73,821
Maintenance	<u>36,437</u>	<u>2,018</u>	<u>38,455</u>
Totals	\$ <u>108,448</u>	\$ <u>3,828</u>	\$ <u>112,276</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 26.80% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$4,830,203	\$(28,672)	\$4,801,531
Maintenance	1,829,964	(9,695)	1,820,269
Interest	<u>28,851</u>	<u>42,195</u>	<u>71,046</u>
Total local street and road revenue	<u>\$6,689,018</u>	<u>\$ 3,828</u>	<u>\$6,692,846</u>
30% of total local street and road revenue			\$2,007,854
Less maintenance expenditures incurred to date			<u>(1,793,527)</u>
Available maintenance funds			<u>\$ 214,327</u>
Cumulative percentage expended for maintenance			<u>26.80%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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 is in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2017, is summarized follows:

Current year local discretionary expenditures	\$854,929
Less MOE base year requirement	<u>(217,840)</u>
Excess MOE for the year ended June 30, 2017	<u>\$637,089</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. 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 \$125,975. We selected \$92,268 (73.24%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon

dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 9, 2017.

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

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

- 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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

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

Darin Furr CP

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 IMPERIAL BEACH, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
IB12	SP1309/ S13309/ S15101	Major Street Improvements	\$ 354,470	\$ 770,702	\$ 606	\$ (1,053,767)	\$ -	\$ 72,011	
		Total Congestion Relief	354,470	770,702	606	(1,053,767)	-	72,011	
Maintenance:									
IB02	N/A	Street Maintenance - Operations	(217,582)	254,019	-	-	-	36,437	
		Total Maintenance	(217,582)	254,019	-	-	-	36,437	
		Total Local Street Improvements	136,888	1,024,721	606	(1,053,767)	-	108,448	
Smart Growth Grants:									
IB17	SB15104	Palm Avenue Mixed Use - Rainbow to Delaware	(544)	42,546	-	(47,273)	-	(5,271)	(a)
		Total Smart Growth Grants	(544)	42,546	-	(47,273)	-	(5,271)	
Bicycles and Pedestrian:									
IB16	S15702	Bikeway Village Bayshore	(80,433)	1,075,869	-	(995,436)	-	-	(b)
		Total Bicycles and Pedestrian	(80,433)	1,075,869	-	(995,436)	-	-	
		Total TransNet Extension	55,911	2,143,136	606	(2,096,476)	-	103,177	
		GASB 31 Market Value Adjustment	1,120	-	(5,229)	-	-	(4,109)	
		Total TransNet Extension after GASB 31 Adjustment	\$ 57,031	\$ 2,143,136	\$ (4,623)	\$ (2,096,476)	\$ -	\$ 99,068	

Notes:

- (a) Negative balance represents 10% retention held by SANDAG to be paid upon completion of project.
- (b) As of September 2016, IB16 has been completed.

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<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, 2017</u>
		TransNet Extension:				
		Local Street Improvements:				
		Congestion Relief:				
IB12	SP1309/ S13309/					
	S15101	Major Street Improvements	\$ 4,830,203	\$ 28,851	\$ (4,787,043)	\$ 72,011
		Total Congestion Relief	<u>4,830,203</u>	<u>28,851</u>	<u>(4,787,043)</u>	<u>72,011</u>
		Maintenance:				
IB02	N/A	Street Maintenance - Operations	<u>1,829,964</u>	<u>-</u>	<u>(1,793,527)</u>	<u>36,437</u>
		Total Maintenance	<u>1,829,964</u>	<u>-</u>	<u>(1,793,527)</u>	<u>36,437</u>
		Total Local Street Improvements	<u>6,660,167</u>	<u>28,851</u>	<u>(6,580,570)</u>	<u>108,448</u>
		Smart Growth Grants:				
IB17	SB15104	Palm Avenue Mixed Use - Rainbow to Delaware	<u>47,444</u>	<u>-</u>	<u>(52,715)</u>	<u>(5,271)</u>
		Total Smart Growth Grants	<u>47,444</u>	<u>-</u>	<u>(52,715)</u>	<u>(5,271)</u>
		Bicycles and Pedestrian:				
IB16	S15702	Bikeway Village Bayshore	<u>1,800,000</u>	<u>-</u>	<u>(1,800,000)</u>	<u>-</u>
		Total Bicycles and Pedestrian	<u>1,800,000</u>	<u>-</u>	<u>(1,800,000)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>8,507,611</u>	<u>28,851</u>	<u>(8,433,285)</u>	<u>103,177</u>

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Completed Projects:				
		Smart Growth Grant	\$ 400,000	\$ -	\$ (400,000)	\$ -
		Total Completed Projects	<u>400,000</u>	<u>-</u>	<u>(400,000)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 8,907,611</u>	<u>\$ 28,851</u>	<u>\$ (8,833,285)</u>	<u>\$ 103,177</u>

SCHEDULE C

CITY OF IMPERIAL BEACH CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2017	June 30, 2017	June 30, 2016
Year ended June 30, 2010	June 30, 2017	IB11	\$ 8,160	\$ 279	\$ (8,439)	\$ -	\$ -	\$ -	\$ 3,783
Year ended June 30, 2011	June 30, 2018	IB11	-	-	-	-	-	-	-
Year ended June 30, 2012	June 30, 2019	IB11	10,615	315	(10,930)	-	-	-	10,930
Year ended June 30, 2013	June 30, 2020	IB11	6,495	161	(6,656)	-	-	-	6,656
Year ended June 30, 2014	June 30, 2021	IB11	22,090	462	(22,552)	-	-	-	22,552
Year ended June 30, 2015	June 30, 2022	IB11	42,832	645	(43,477)	-	-	-	43,477
Year ended June 30, 2016	June 30, 2023	IB11	48,510	386	(386)	-	-	48,510	48,896
Year ended June 30, 2017	June 30, 2024	IB11	197,988	-	(38,191)	-	-	159,797	-
Interest Income			-	1,848	-	-	-	1,848	1,075
Total RTCIP Funds			\$ 336,690	\$ 4,096	\$ (130,631)	\$ -	\$ -	\$ 210,155	\$ 137,369

CITY OF LA MESA, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of La Mesa, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$1,778,313. We selected \$461,173 (25.93%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects in the RTIP for the year ended June 30, 2017. The City's indirect cost plan has not been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. An internal administration rate of 26.70%, and an external administration rate of 78.10% was applied to the hourly salary plus benefits of City employee time charged to RTIP projects. The City allocated a total of \$50,000 of indirect costs in the RTIP, resulting in 2.81% of indirect costs compared to total *Transnet* expenditures. This indirect cost plan was last updated during the fiscal year ended June 30, 2016, and is applicable through the fiscal year ending June 30, 2018. The

plan is reviewed and updated every two years by an external consulting firm and then reviewed by the City. The indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: No exceptions 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, 2018.

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

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

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

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

Fiscal year 2017 apportionment	\$1,534,580
Less: debt service payment	<u>(394,845)</u>
Net estimated apportionment	1,139,735
30% base	<u>30%</u>
Fiscal year 2017 30% threshold	<u>341,921</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	44,027
Maintenance fund balance	<u>(163,499)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(119,472)</u>
Fund balance under apportionment	\$ <u>461,393</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 44,027	\$ (570,090)	\$ (526,063)
Maintenance	<u>(163,499)</u>	<u>1,590,347</u>	<u>1,426,848</u>
Totals	\$ <u>(119,472)</u>	\$ <u>1,020,257</u>	\$ <u>900,785</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 18.23% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$13,954,110	\$ (740,542)	\$13,213,568
Maintenance	3,138,501	1,516,695	4,655,196
Interest	<u>580</u>	<u>244,137</u>	<u>244,717</u>
 Total local street and road revenue	 <u>\$17,093,191</u>	 <u>\$1,020,290</u>	 <u>\$18,113,481</u>
 30% of total local street and road revenue			 \$ 5,434,044
Less maintenance expenditures incurred to date			<u>3,302,159</u>
 Available maintenance funds			 <u>\$ 2,131,885</u>
 Cumulative percentage expended for maintenance			 <u>18.23%</u>

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

Results: The results are summarized below:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Interest</u> <u>Payments</u>
Commercial Paper	\$392,189	\$0-	\$(392,189)	\$0	\$(2,656)

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.
 - 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, 2017, is summarized as follows:

Current year local discretionary expenditures	\$3,148,203
Less MOE base year requirement	<u>(1,530,076)</u>
Excess MOE for the year ended June 30, 2017	<u>\$1,618,127</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. 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 RTCIP expenditures in the amount of \$620,386. We selected \$140,482 (22.64%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

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

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

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

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

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

Results: This procedure is not applicable as the RTCIP revenues are included in a commingled fund with other CIP projects of the City. The cash balance in that fund is consistently negative. Therefore, the fund does not receive an allocation of interest.

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 24, 2017.

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

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

- 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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not

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

engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

A handwritten signature in blue ink, appearing to read "Dawn Jan W.P.", is centered on the page.

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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, 2017

MPO ID	CIP Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
LAM46		Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	-	\$ -	
		Total Congestion Relief - Pass-Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
LAM17	302120TR	Street Reconstruction 12	73,771	-	-	(40,742)	-	33,029	
LAM28	302099TR	Downtown Village Streetscape Improvement Project	159,125	-	-	-	(159,125)	-	(a)(b)
LAM34	302138TR	Street Lights/ OH Utilities	99,782	-	-	(3,181)	-	96,601	
LAM37	302133TR	Traffic Signal Upgrades 13	(48,007)	49,181	-	(1,174)	-	-	(a)
LAM37	302142TR	Traffic Signal Upgrades 14	(253,430)	150,811	-	(78,487)	159,125	(21,981)	(b)(c)
LAM37	302155TR	Traffic Signal Upgrades 15	(82,325)	100,008	-	(17,683)	-	-	(a)
LAM37	302162TR	Traffic Signal Upgrades 16	-	-	-	(16,380)	-	(16,380)	(c)
LAM37	302171TR	Traffic Signal Upgrades 17	-	-	-	(3,115)	-	(3,115)	(c)
		Total LAM37 Projects	(383,762)	300,000	-	(116,839)	159,125	(41,476)	
LAM40	302130TR	Street Construction 13	-	53,392	-	(53,392)	-	-	(a)
LAM40	302153TR	Street Construction 15	552,920	-	-	(45,350)	-	507,570	
LAM40	302173TR	Street Construction 17	-	6,608	-	(7,618)	-	(1,010)	
		Total LAM40 Projects	552,920	60,000	-	(106,360)	-	506,560	
		Subtotal Congestion Relief	501,836	360,000	-	(267,122)	-	594,714	

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Balance carried forward - Congestion Relief	\$ 501,836	\$ 360,000	\$ -	\$ (267,122)	\$ -	\$ 594,714	
LAM44	304130TR	Roadway Drainage Improvements 13	-	-	-	(3,911)	-	(3,911)	(c)
LAM44	304150TR	Roadway Drainage Improvements 15	-	-	-	(133,784)	-	(133,784)	(c)
LAM44	304160TR	Roadway Drainage Improvements 16	142,506	-	-	(383,487)	-	(240,981)	(c)
LAM44	304170TR	Roadway Drainage Improvements 17	-	-	-	(172,432)	-	(172,432)	(c)
		Total LAM44 Projects	142,506	-	-	(693,614)	-	(551,108)	
		Commercial Paper Debt Service	-	394,845	-	(394,845)	-	-	
		Interest Income	85	-	336	-	-	421	
		Total Congestion Relief	644,427	754,845	336	(1,355,581)	-	44,027	
		Maintenance:							
LAM31	General Fund	Street Maintenance	(150,000)	150,000	-	(150,000)	-	(150,000)	(c)
LAM32	302131TR	Pavement Management 13	(21,674)	21,674	-	-	-	-	
LAM33	302154TR	Curb, Gutter, Sidewalk 15	(133,201)	140,781	-	(7,580)	-	-	
LAM33	302161TR	Curb, Gutter, Sidewalk 16	(12,085)	44,219	-	(44,480)	-	(12,346)	(c)
LAM33	302170TR	Curb, Gutter, Sidewalk 17	-	-	-	(774)	-	(774)	(c)
		Total LAM33 Projects	(145,286)	185,000	-	(52,834)	-	(13,120)	
		Subtotal Maintenance	(316,960)	356,674	-	(202,834)	-	(163,120)	

CITY OF LA MESA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Balance carried forward - Maintenance	\$ (316,960)	\$ 356,674	\$ -	\$ (202,834)	\$ -	\$ (163,120)	
LAM39	302143TR	Traffic Calming Program 14	(7,656)	7,656	-	-	-	-	
LAM39	302163TR	Traffic Calming Program 16	-	7,344	-	(7,882)	-	(538)	(c)
		Total LAM39 Projects	(7,656)	15,000	-	(7,882)	-	(538)	
		Interest Income	15	-	144	-	-	159	
		Total Maintenance	(324,601)	371,674	144	(210,716)	-	(163,499)	
		Total Local Street Improvements	319,826	1,133,919	480	(1,573,697)	-	(119,472)	
		Senior Mini-Grants:							
LAM27	212001	La Mesa Rides4Neighbors	(72,166)	143,537	-	(158,387)	-	(87,016)	(d)
		Total Senior Mini-Grants	(72,166)	143,537	-	(158,387)	-	(87,016)	
		Smart Growth Grant							
LAM47	302168OT	North Spring Street	-	41,607	-	(46,229)	-	(4,622)	(d)
		Total Smart Growth Grant	-	41,607	-	(46,229)	-	(4,622)	
		Total <i>TransNet</i> Extension	\$ 247,660	\$ 1,319,063	\$ 480	\$ (1,778,313)	\$ -	\$ (211,110)	

Notes:

- (a) Completed project.
- (b) Ending cash balance in FY16 has been reprogrammed through 16-00 RTIP to LAM37.
- (c) Funding has been programmed in FY18 and will be drawn down.
- (d) This is a reimbursable funding source and expenditures are expected to be in excess of funding while the project is active.

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
LAM46		Regional Arterial Management Systems	\$ 37,000	\$ -	\$ (37,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>37,000</u>	<u>-</u>	<u>(37,000)</u>	<u>-</u>
Congestion Relief:						
LAM17	302120TR	Street Reconstruction 12	<u>253,601</u>	<u>-</u>	<u>(220,572)</u>	<u>33,029</u>
LAM28	302099TR	Downtown Village Streetscape Improvement Project	<u>990,875</u>	<u>-</u>	<u>(990,875)</u>	<u>-</u>
LAM34	302138TR	Street Lights OH Utility Undergrounding	<u>128,232</u>	<u>-</u>	<u>(31,631)</u>	<u>96,601</u>
LAM37	302133TR	Traffic Signal Upgrades 13	223,490	-	(223,490)	-
LAM37	302142TR	Traffic Signal Upgrades 14	448,922	-	(470,903)	(21,981)
LAM37	302155TR	Traffic Signal Upgrades 15	100,008	-	(100,008)	-
LAM37	302162TR	Traffic Signal Upgrades 16	-	-	(16,380)	(16,380)
LAM37	302171TR	Traffic Signal Upgrades 17	<u>-</u>	<u>-</u>	<u>(3,115)</u>	<u>(3,115)</u>
		Total LAM 37 Projects	<u>772,420</u>	<u>-</u>	<u>(813,896)</u>	<u>(41,476)</u>
LAM40	302130TR	Street Construction 13	1,205,010	-	(1,205,010)	-
LAM40	302153TR	Street Construction 15	588,032	-	(80,462)	507,570
LAM40	302173TR	Street Construction 17	<u>6,608</u>	<u>-</u>	<u>(7,618)</u>	<u>(1,010)</u>
		Total LAM40 Projects	<u>1,799,650</u>	<u>-</u>	<u>(1,293,090)</u>	<u>506,560</u>
		Subtotal Congestion Relief	<u>3,944,778</u>	<u>-</u>	<u>(3,350,064)</u>	<u>594,714</u>

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Balance carried forward - Congestion Relief	\$ 3,944,778	\$ -	\$ (3,350,064)	\$ 594,714
LAM44	304130TR	Roadway Drainage Improvements 13	1,530,527	-	(1,534,438)	(3,911)
LAM44	304150TR	Roadway Drainage Improvements 15	393,011	-	(526,795)	(133,784)
LAM44	304160TR	Roadway Drainage Improvements 16	173,962	-	(414,943)	(240,981)
LAM44	304170TR	Roadway Drainage Improvements 17	-	-	(172,432)	(172,432)
		Total LAM44 Projects	<u>2,097,500</u>	<u>-</u>	<u>(2,648,608)</u>	<u>(551,108)</u>
		Commercial Paper Debt Service	<u>2,550,473</u>	<u>-</u>	<u>(2,550,473)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>421</u>	<u>-</u>	<u>421</u>
		Total Congestion Relief	<u>8,592,751</u>	<u>421</u>	<u>(8,549,145)</u>	<u>44,027</u>
		Maintenance:				
LAM31	General Fund	Street Maintenance	<u>908,281</u>	<u>-</u>	<u>(1,058,281)</u>	<u>(150,000)</u>
LAM32	302131TR	Pavement Management 13	<u>43,581</u>	<u>-</u>	<u>(43,581)</u>	<u>-</u>
LAM33	302154TR	Curb, Gutter, Sidewalk 15	175,942	-	(175,942)	-
LAM33	302161TR	Curb, Gutter, Sidewalk 16	44,219	-	(56,565)	(12,346)
LAM33	302161TR	Curb, Gutter, Sidewalk 17	<u>-</u>	<u>-</u>	<u>(774)</u>	<u>(774)</u>
		Total LAM 33 Projects	<u>220,161</u>	<u>-</u>	<u>(233,281)</u>	<u>(13,120)</u>
		Subtotal Maintenance	<u>1,172,023</u>	<u>-</u>	<u>(1,335,143)</u>	<u>(163,120)</u>

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Balance carried forward - Maintenance	\$ 1,172,023	\$ -	\$ (1,335,143)	\$ (163,120)
LAM39	302143TR	Traffic Calming Program 14	13,180	-	(13,180)	-
LAM39	302163TR	Traffic Calming Program 16	7,344	-	(7,882)	(538)
		Total LAM 39 Projects	20,524	-	(21,062)	(538)
		Interest Income	-	159	-	159
		Total Maintenance	1,192,547	159	(1,356,205)	(163,499)
		Total Local Street Improvements	9,822,298	580	(9,942,350)	(119,472)
		Senior Mini-Grants:				
LAM 27	212001	La Mesa Rides4Neighbors	834,431	-	(921,447)	(87,016)
		Total Senior Mini-Grants	834,431	-	(921,447)	(87,016)
		Smart Growth Grant:				
LAM 47	302168OT	North Spring Street	41,607	-	(46,229)	(4,622)
		Total Smart Growth Grant	41,607	-	(46,229)	(4,622)
		Subtotal Cumulative <i>TransNet</i> Extension	10,698,336	580	(10,910,026)	(211,110)

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
Completed Projects:						
		Local Street Improvements				
		Congestion Relief	\$ 5,324,359	\$ -	\$ (5,324,359)	\$ -
		Maintenance	1,945,954	-	(1,945,954)	-
		Smart Growth	2,000,000	-	(2,000,000)	-
		Bikes and Pedestrians	<u>449,000</u>	<u>-</u>	<u>(449,000)</u>	<u>-</u>
		Total Completed Projects	<u>9,719,313</u>	<u>-</u>	<u>(9,719,313)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 20,417,649</u>	<u>\$ 580</u>	<u>\$ (20,629,339)</u>	<u>\$ (211,110)</u>

CITY OF LA MESA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

Project Year	Last Date to Commit funds	Cumulative					Cumulative Status	
		Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2017	June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2010	June 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2011	June 30, 2018	-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	35,774	-	(35,774)	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	49,417	-	(49,417)	-	-	-	11,909
For Fiscal Year ended June 30, 2014	June 30, 2021	123,302	-	(123,302)	-	-	-	123,302
For Fiscal Year ended June 30, 2015	June 30, 2022	675,754	-	(485,175)	-	-	190,579	675,754
For Fiscal Year ended June 30, 2016	June 30, 2023	52,962	-	-	-	-	52,962	52,962
For Fiscal Year ended June 30, 2017	June 30, 2024	43,984	-	-	-	-	43,984	-
Total RTCIP Funds		<u>\$ 981,193</u>	<u>\$ -</u>	<u>\$ (693,668)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,525</u>	<u>\$ 863,927</u>

CITY OF LEMON GROVE, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Lemon Grove, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not allocate interest on Schedule A due to fund balance being negative.

- 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 \$2,388,302. We selected \$942,896 (39.48%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2017. The City's indirect cost plan has not been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. Indirect costs are charged based on actual salary and fringe benefits for each employee that is designated to be charged to the *TransNet* fund. This overhead cost is then allocated to the Congestion Relief and Maintenance projects based on actual expense for

the current year. The City's indirect cost plan was last updated during the fiscal year ended June 30, 2017. The City allocated \$79,758 in indirect costs to the *TransNet* program, which represented 3.33% of total *TransNet* expenditures. 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, 2018.

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

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

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

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

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

Fiscal year 2017 apportionment	\$ 702,925
Less: debt service payment	<u> -</u>
Net estimated apportionment	702,925
30% base	<u> 30%</u>
Fiscal year 2017 30% threshold	<u> 210,877</u>
Less:	
Local Street Improvements:	
Congestion Relief fund balance	(1,220,382)
Maintenance fund balance	<u> (39,824)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> (1,260,206)</u>
Fund balance under apportionment	<u>\$ 1,471,083</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,220,382)	\$1,854,305	\$633,923
Maintenance	<u> (39,824)</u>	<u> 146,392</u>	<u> 106,568</u>
Totals	<u> \$(1,260,206)</u>	<u> \$2,000,697</u>	<u> \$740,491</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 27.62% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$2,496,185	\$1,763,428	\$4,259,613
Maintenance	1,666,401	107,721	1,774,122
Interest	<u>15,482</u>	<u>129,548</u>	<u>145,030</u>
 Total local street and road revenue	 <u>\$4,178,068</u>	 <u>\$2,000,697</u>	 <u>\$6,178,765</u>
 30% of total local street and road revenue			 \$ 1,853,630
Less maintenance expenditures incurred to date			 <u>(1,706,337)</u>
 Available maintenance funds			 <u>\$ 147,293</u>
 Cumulative percentage expended for maintenance			 <u>27.62%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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 is in compliance with the MOE requirement. The City had an outstanding unmet MOE requirement for the prior year in the amount of \$21,196. 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, 2017, is summarized as follows:

Current year local discretionary expenditures	\$185,331
Less MOE base year requirement	<u>(147,377)</u>
Excess MOE for the year ended June 30, 2017 ¹	<u>\$37,954</u>

¹ Calculation of remaining MOE deficit:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Additional MOE</u>	<u>MOE</u> <u>Deficit Balance</u>
2016	\$ -	\$(21,196)
2017	21,196	-

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. 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 there were no RTCIP expenditures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on September 19, 2017.

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

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

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

- 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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

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

Dominic Fan

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LG13	7130	Realignment - Congestion Relief	\$ -	\$ -	\$ -	\$ (816,878)	\$ -	\$ (816,878)	(a)
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	(68,380)	140,064	-	(98,119)	-	(26,435)	(a)
LG18	7155	Traffic Improvements - Congestion Relief	93	10,435	-	(21,391)	-	(10,863)	(a)
LG20	7300	Street Improvements - Congestion Relief	(16,282)	16,282	-	(366,214)	-	(366,214)	(a)
		Interest Income	8	-	-	-	-	8	
		Total Congestion Relief	(84,561)	166,781	-	(1,302,602)	-	(1,220,382)	
Maintenance:									
LG14	7310	Traffic Improvements - Preventive Maintenance	(84,847)	220,025	-	(139,893)	-	(4,715)	(a)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	(32,260)	74,421	-	(47,174)	(30,099)	(35,112)	(a)(b)
LG17	7150	Street Improvements - Preventive Maintenance	(90,526)	110,000	-	(49,573)	30,099	-	(b)
		Interest Income	3	-	-	-	-	3	
		Total Maintenance	(207,630)	404,446	-	(236,640)	-	(39,824)	
		Total Local Street Improvements	(292,191)	571,227	-	(1,539,242)	-	(1,260,206)	
Smart Growth Grant:									
LG21	6204	Promenade Extension	(73,916)	93,934	-	(15,236)	(4,782)	-	(c)(d)
LG22	7140	Realignment	-	49,204	-	(805,399)	-	(756,195)	(a)
LG23	7320	Broadway DVSP	(94,319)	129,720	-	(28,425)	-	6,976	
		Total Smart Growth Grant	(168,235)	272,858	-	(849,060)	(4,782)	(749,219)	
		Total TransNet Extension	\$ (460,426)	\$ 844,085	\$ -	\$ (2,388,302)	\$ (4,782)	\$ (2,009,425)	

Notes:

- (a) The City expects to receive reimbursement from SANDAG in FY18 for funds expended in FY17.
- (b) City adjustments due to fund being overdrawn. City will reprogram fund in SANDAG's *TransNet* website and City Council approved the transfer on February 6, 2018.
- (c) Project complete.
- (d) City adjustment of \$4,782 is the FY14 expenditure that was omitted from FY14's schedule.

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
LG13	7130	Realignment - Congestion Relief	\$ 64,000	\$ 12,196	\$ (893,074)	\$ (816,878)
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	854,153	2,858	(883,446)	(26,435)
LG18	7155	Traffic Improvements - Congestion Relief	85,251	308	(96,422)	(10,863)
LG20	7300	Street Improvements - Congestion Relief	1,492,781	-	(1,858,995)	(366,214)
		Interest Income	-	8	-	8
		Total Congestion Relief	<u>2,496,185</u>	<u>15,370</u>	<u>(3,731,937)</u>	<u>(1,220,382)</u>
Maintenance:						
LG14	7310	Traffic Improvements - Preventive Maintenance	718,171	-	(722,886)	(4,715)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	435,298	60	(470,470)	(35,112)
LG17	7150	Street Improvements - Preventive Maintenance	512,932	49	(512,981)	-
		Interest Income	-	3	-	3
		Total Maintenance	<u>1,666,401</u>	<u>112</u>	<u>(1,706,337)</u>	<u>(39,824)</u>
		Total Local Street Improvements	<u>4,162,586</u>	<u>15,482</u>	<u>(5,438,274)</u>	<u>(1,260,206)</u>
Smart Growth Grant:						
LG21	6204	Promenade Extension	400,000	-	(400,000)	-
LG22	7140	Realignment	49,204	-	(805,399)	(756,195)
LG23	7320	Broadway DVSP	134,385	-	(127,409)	6,976
		Total Smart Growth Grant	<u>583,589</u>	<u>-</u>	<u>(1,332,808)</u>	<u>(749,219)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>4,746,175</u>	<u>15,482</u>	<u>(6,771,082)</u>	<u>(2,009,425)</u>
Completed Projects:						
		Smart Growth Grant	<u>1,895,000</u>	<u>-</u>	<u>(1,895,000)</u>	<u>-</u>
		Total Completed Projects	<u>1,895,000</u>	<u>-</u>	<u>(1,895,000)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 6,641,175</u>	<u>\$ 15,482</u>	<u>\$ (8,666,082)</u>	<u>\$ (2,009,425)</u>

CITY OF LEMON GROVE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative						
			Funds	Interest	Project	City	Funds	Cumulative Status	
			Received	Income	Expenditures	Adjustments	Committed at June 30, 2017	June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2009	June 30, 2016	LG 13	\$ 8,000	\$ 282	\$ -	\$ -	\$ (8,282)	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	LG 13	4,080	91	-	-	(4,171)	-	4,171
For Fiscal Year ended June 30, 2011	June 30, 2018	LG 13	8,324	183	-	-	(8,507)	-	8,507
For Fiscal Year ended June 30, 2012	June 30, 2019	LG 13	6,369	99	-	-	(6,468)	-	6,468
For Fiscal Year ended June 30, 2013	June 30, 2020	LG 13	6,495	80	-	-	(6,575)	-	6,575
For Fiscal Year ended June 30, 2014	June 30, 2021	LG 13	22,134	215	-	-	(22,349)	-	22,349
For Fiscal Year ended June 30, 2015	June 30, 2022	LG 13	130,777	737	-	-	(131,514)	-	131,514
For Fiscal Year ended June 30, 2016	June 30, 2023	LG 13	272,580	1,202	-	-	(273,782)	-	273,782
For Fiscal Year ended June 30, 2017	June 30, 2024	LG 13	51,854	-	-	-	(51,854)	-	-
Interest Income			-	5,301	-	-	-	5,301	2,304
Total RTCIP Funds			<u>\$ 510,613</u>	<u>\$ 8,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (513,502)</u>	<u>\$ 5,301</u>	<u>\$ 455,670</u>

CITY OF NATIONAL CITY, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of National City, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$4,144,367. We selected \$1,314,444 (31.72%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

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

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

Results: 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, 2018.

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

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

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

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

Fiscal year 2017 apportionment	\$1,373,811
Less: debt service payment	<u>(379,570)</u>
Net estimated apportionment	994,241
30% base	<u>30%</u>
Fiscal year 2017 30% threshold	<u>298,272</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(128,527)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(128,527)</u>
Fund balance under apportionment	\$ <u>426,799</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(128,527)	\$(3,562,145)	\$(3,690,672)
Maintenance	<u>-</u>	<u>3,583,038</u>	<u>3,583,038</u>
Totals	\$ <u>(128,527)</u>	\$ <u>20,893</u>	\$ <u>(107,634)</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: This procedure is not applicable as the City has not spent any of its cumulative local street and road revenue on maintenance.

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

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Interest</u> <u>Payments</u>
2010 Series A Bonds	\$1,306,341	\$ -	\$(327,714)	\$978,627	\$(51,856)

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.
- 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 is in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2017, is summarized as follows:

Current year local discretionary expenditures	\$ 3,159,985
Less MOE base year requirement	<u>(1,459,882)</u>
Excess MOE for the year ended June 30, 2017	<u>\$ 1,700,103</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 RTCIP exaction fee requirement. See Finding 1 in the Findings and Recommendations section of this report.
- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.
- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$277,681. We selected \$104,701 (37.71%) for testing. No exceptions were noted as a result of our procedures.
- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.
- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 30, 2017.

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

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

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 findings.

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

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

A handwritten signature in blue ink, appearing to read "David Jan UP".

Irvine, California
May 29, 2018

CITY OF NATIONAL CITY, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2017

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

The City did not consistently collect the required exaction fee amount of \$2,357. For 3 permits issued, the exaction fee collected was based upon the prior year exaction fee amount. This resulted in an under-collection of the exaction fee in the amount of \$141 as follows:

<u>Invoice Number</u>	<u>Site Address</u>	<u>Audited Amount</u>	<u>Amount Charged</u>	<u>Variance</u>
2015-5165	1142 Hoover Avenue	\$2,357	\$2,310	\$ 47
2016-5691	232 E. 16 th Street	2,357	2,310	47
2016-5646	1937 Lanoiton Avenue	<u>2,357</u>	<u>2,310</u>	<u>47</u>
Totals		<u>\$7,071</u>	<u>\$6,930</u>	<u>\$141</u>

SANDAG Board recommendations as of February 26, 2016 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 \$2,310 to \$2,357 beginning July 1, 2016.”

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 \$141. 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

The City concurs with the finding and is in the process of collecting the under-collected exaction fees from the three different contractors. In addition, the City has updated its exaction fees schedule to be in compliance with the RTCIP fees.

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2017</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through									
NC04	6558	Regional Arterial Management Systems	\$ -	\$ 8,000	\$ -	\$ (8,000)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	8,000	-	(8,000)	-	-	
Congestion Relief:									
NC01	6569	Plaza Blvd. Widening	337,009	292,000	-	(166,811)	(170,170)	292,028	(a)
NC03	6035	Street Resurfacing Project	(325,038)	240,000	-	(172,192)	-	(257,230)	(b)
NC04	6558	Traffic Signal Install/Upgrade	34,913	220,000	-	(34,445)	-	220,468	
NC13	6570	Highland Avenue Community Corridor	(170,170)	-	-	-	170,170	-	(a)
NC15	6166	Citywide Safe Routes to School	(77,044)	688,000	-	(994,749)	-	(383,793)	(b)
		2010 Series A Bonds Debt Service	-	379,570	-	(379,570)	-	-	
		Total Congestion Relief	(200,330)	1,819,570	-	(1,747,767)	-	(128,527)	
		Total Local Street Improvements	(200,330)	1,827,570	-	(1,755,767)	-	(128,527)	
Smart Growth:									
NC19	6187	Downtown-Westside Community Connections	473,676	-	-	(552,040)	-	(78,364)	(b)
NC23	6577	Westside Mobility Improvements Project	(5,684)	130,473	-	(153,015)	-	(28,226)	(b)
NC24	6578	Downtown Specific Plan Update	(26,171)	121,337	-	(220,072)	-	(124,906)	(b)
NC25	6189	Wayfinding Signage Program	(31,022)	151,372	-	(219,217)	-	(98,867)	(b)
		Total Smart Growth	410,799	403,182	-	(1,144,344)	-	(330,363)	

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
Bike and Pedestrian:									
NC 20	6571	Division Street Road Diet	\$ (40,500)	\$ 454,862	\$ -	\$ (763,000)	\$ -	\$ (348,638)	(b)
NC 21	6572	Euclid Avenue and Pedestrian Enhancements	(10,062)	282,626	-	(324,381)	-	(51,817)	(b)
NC 27	1015	Bicycle Parking Enhancements Grant #2	(6,984)	-	-	(43,016)	-	(50,000)	(b)
NC 28	6581	Midblock Pedestrian Crossing Enhancements	-	-	-	(113,859)	-	(113,859)	(b)
Total Bike and Pedestrian			<u>(57,546)</u>	<u>737,488</u>	<u>-</u>	<u>(1,244,256)</u>	<u>-</u>	<u>(564,314)</u>	
Total <i>TransNet</i> Extension			<u>\$ 152,923</u>	<u>\$ 2,968,240</u>	<u>\$ -</u>	<u>\$ (4,144,367)</u>	<u>\$ -</u>	<u>\$ (1,023,204)</u>	

Notes:

- (a) \$170,170 was transferred from NC01 to NC13 to remove the project deficit in NC13. Per council resolution 2018-9, funding was reprogrammed and applied to NC13, having been drawn down from project NC01.
- (b) The City will request reimbursement in FY18 to remove the deficit.

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<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, 2017</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
NC04	6558	Regional Arterial Management Systems	\$ 40,000	\$ -	\$ (40,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
Congestion Relief:						
NC01	6569	Plaza Blvd Widening	521,822	6,783	(236,577)	292,028
NC03	6035	Street Resurfacing Project	9,264,277	3,202	(9,524,709)	(257,230)
NC04	6558	Traffic Signal Install/Upgrade	631,682	12,063	(423,277)	220,468
NC13	6570	Highland Avenue Community Corridor	634,170	1,448	(635,618)	-
NC15	6166	Citywide Safe Routes to School Tax	1,588,000	6,085	(1,977,878)	(383,793)
		2010 Series A Bonds Debt Service	<u>2,663,242</u>	<u>-</u>	<u>(2,663,242)</u>	<u>-</u>
		Total Congestion Relief	<u>15,303,193</u>	<u>29,581</u>	<u>(15,461,301)</u>	<u>(128,527)</u>
		Total Local Street Improvements	<u>15,343,193</u>	<u>29,581</u>	<u>(15,501,301)</u>	<u>(128,527)</u>
Smart Growth:						
NC19	6187	Downtown-Westside Community Connections	2,000,000	-	(2,078,364)	(78,364)
NC23	6577	Westside Mobility Improvements Project	156,051	-	(184,277)	(28,226)
NC24	6578	Downtown Specific Plan Update	188,463	-	(313,369)	(124,906)
NC25	6189	Wayfinding Signage Program	<u>206,967</u>	<u>-</u>	<u>(305,834)</u>	<u>(98,867)</u>
		Total Smart Growth	<u>2,551,481</u>	<u>-</u>	<u>(2,881,844)</u>	<u>(330,363)</u>

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<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, 2017</u>
Bike and Pedestrian:						
NC 20	6571	Division Street Road Diet	\$ 525,514	\$ -	\$ (874,152)	\$ (348,638)
NC 21	6572	Euclid Avenue and Pedestrian Enhancements	373,183	-	(425,000)	(51,817)
NC 27	1015	Bicycle Parking Enhancements Grant #2	-	-	(50,000)	(50,000)
NC 28	6581	Midblock Pedestrian Crossing Enhancements	-	-	(113,859)	(113,859)
Total Bike and Pedestrian			<u>898,697</u>	<u>-</u>	<u>(1,463,011)</u>	<u>(564,314)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>18,793,371</u>	<u>29,581</u>	<u>(19,846,156)</u>	<u>(1,023,204)</u>
Completed Projects:						
LSI - Congestion Relief			190,193	2,250	(192,443)	-
Smart Growth			2,000,000	-	(2,000,000)	-
Bike and Pedestrian			<u>506,860</u>	<u>-</u>	<u>(506,860)</u>	<u>-</u>
Total Completed Projects			<u>2,697,053</u>	<u>2,250</u>	<u>(2,699,303)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 21,490,424</u>	<u>\$ 31,831</u>	<u>\$ (22,545,459)</u>	<u>\$ (1,023,204)</u>

SCHEDULE C

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative				City Adjustments	Funds Committed at June 30, 2017	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures				June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2010	June 30, 2017	NC01	\$ 359,560	\$ 8,905	\$ (368,465)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2011	June 30, 2018	NC01	39,699	984	(40,683)	-	-	-	-	
For Fiscal Year ended June 30, 2012	June 30, 2019	NC01	152,903	2,563	(155,466)	-	-	-	-	
For Fiscal Year ended June 30, 2013	June 30, 2020	NC01	102,133	1,191	(103,324)	-	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021	NC01	36,044	198	(36,242)	-	-	-	-	
For Fiscal Year ended June 30, 2015	June 30, 2022	NC01	351,669	595	(292,702)	-	(11,720)	47,842	337,243	
For Fiscal Year ended June 30, 2016	June 30, 2023		13,860	-	-	-	-	13,860	13,860	
For Fiscal Year ended June 30, 2017	June 30, 2024		28,096	-	-	-	-	28,096	-	
Interest Income			-	1,271	-	-	-	1,271	1,223	
Subtotal RTCIP Funds			1,083,964	15,707	(996,882)	-	(11,720)	91,069	352,326	
GASB 31 Market Value Adjustment			-	(1)	-	-	-	(1)	418	
Total RTCIP Funds			<u>\$ 1,083,964</u>	<u>\$ 15,706</u>	<u>\$ (996,882)</u>	<u>\$ -</u>	<u>\$ (11,720)</u>	<u>\$ 91,068</u>	<u>\$ 352,744</u>	

CITY OF OCEANSIDE, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Oceanside, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$7,175,146. We selected \$2,233,896 (31.13%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2017. The City's indirect cost plan has not been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. The City allocates Information Technology (IT) charges based upon direct salary costs. The City allocated a total of \$783 of indirect costs in the RTIP, resulting in 0.01% of indirect costs compared to total *TransNet* expenditures. The IT indirect cost charges were last reviewed during the year ended June 30, 2014. 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 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 transfer of funds from completed projects to other RTIP projects.

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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.

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

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

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

Results: This procedure is not applicable as the City did not report any 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule

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

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

Fiscal year 2017 apportionment	\$4,496,341
Less: debt service payment	_____
Net estimated apportionment	4,496,341
30% base	_____ 30%
Fiscal year 2017 30% threshold	<u>1,348,902</u>
Less:	
Local Streets and Roads fund balance	727,207
Local Street Improvement:	
Congestion Relief fund balance	(1,739,094)
Maintenance fund balance	<u>(3,176,944)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(4,188,831)</u>
Fund balance under apportionment	<u>\$5,537,733</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,739,094)	\$5,607,282	\$3,868,188
Maintenance	<u>(3,176,944)</u>	<u>2,542,560</u>	<u>(634,384)</u>
Totals	<u>\$(4,916,038)</u>	<u>\$8,149,842</u>	<u>\$3,233,804</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 28.54% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$27,585,952	\$5,124,410	\$32,710,362
Maintenance	10,031,923	2,324,261	12,356,184
Interest	<u>161,657</u>	<u>701,171</u>	<u>862,828</u>
Total local street and road revenue	<u>\$37,779,532</u>	<u>\$8,149,842</u>	<u>\$45,929,374</u>
30% of total local street and road revenue			\$13,778,812
Less maintenance expenditures incurred to date			<u>(13,109,871)</u>
Available maintenance funds			<u>\$ 668,941</u>
Cumulative percentage expended for maintenance			<u>28.54%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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 is in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2017, is summarized as follows:

Current year local discretionary expenditures	\$5,065,048
Less MOE base year requirement	<u>(2,321,866)</u>
Excess MOE for the year ended June 30, 2017	<u>\$2,743,182</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. 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 \$709,403. We selected \$76,204 (10.74%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon

dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

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

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

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

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

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

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

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

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

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

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

- x. 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 6, 2017.

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

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

- 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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

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

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

Darin Farnsworth

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
TransNet:									
Local Streets and Roads:									
O14	914560900212	No Coast Hwy Bridge Seismic Retro	\$ 522,227	\$ -	\$ -	\$ (90,368)	\$ -	\$ 431,859	
O14	914560800212	Douglas Dr. Bridge Seismic Retro	398,550	-	-	(103,202)	-	295,348	
Total Local Streets and Roads			920,777	-	-	(193,570)	-	727,207	
Total <i>TransNet</i>			920,777	-	-	(193,570)	-	727,207	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
O35	N/A	Regional Arterial Management Systems	-	11,200	-	(11,200)	-	-	
Total Congestion Relief - Pass-Through			-	11,200	-	(11,200)	-	-	
Congestion Relief:									
O17	905120100212	Loma Alta Creek Detention Basins	145,249	-	-	(222,428)	-	(77,179)	(a)
O17	912145015212	LAC Detention Basins Mitigation	(12,324)	-	-	(1,414)	-	(13,738)	(a)
O17	902134800212	North Ave Slope Protection	(168,978)	-	-	(125,515)	-	(294,493)	(a)
Total O17 Projects			(36,053)	-	-	(349,357)	-	(385,410)	
O24	902754200212	Street Restoration	(1,023,694)	2,500,000	-	(1,252,327)	-	223,979	
O25	902111200212	Adp Signal TMC Traffic Mgmt Ctr	(14,012)	200,000	-	(158,736)	-	27,252	
O25	902131300212	MssnAve Fiber-Optic Cable Design	(96,073)	120,000	-	(365,140)	-	(341,213)	(b)
O25	902146516212	Downtown Fiber-Optic	(1,660)	25,000	-	(40,728)	-	(17,388)	(b)
O25	903141315212	CstHwy/VstWy Upgrade Trffc Sig	(12,393)	55,000	-	(7,177)	-	35,430	
Total O25 Projects			(124,138)	400,000	-	(571,781)	-	(295,919)	
Subtotal Congestion Relief			(1,183,885)	2,900,000	-	(2,173,465)	-	(457,350)	

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Congestion Relief - balance carried forward	\$ (1,183,885)	\$ 2,900,000	\$ -	\$ (2,173,465)	\$ -	\$ (457,350)	
O33	902131200212	Coast Hwy Corridor Study/EIR	299,905	100,000	-	(364,658)	-	35,247	
O33	902137100212	Coast Hwy Vision EIR-SA	(222,840)	-	-	(84,217)	-	(307,057)	(b)
		Total O33 Projects	77,065	100,000	-	(448,875)	-	(271,810)	
O36	902136000212	El Corazon Access @ ORnch Rd	(290,723)	341,392	-	(50,669)	-	-	(c)
O37	902135600212	Bicycle Master Plan/Bike Sfty	2,669	-	-	(92,263)	-	(89,594)	(a)
O38	902131500212	SRTS Calif ST-Lincoln/Palmquist	(111,878)	111,878	-	-	-	-	(c)
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	(213,609)	499,608	-	(226,625)	-	59,374	
O38	902134600212	Traffic Sig Safety& Ped Access	(25,532)	45,532	-	(79,535)	-	(59,535)	(a)(b)
O38	902135500212	Neighborhood Traffic Sfty Impr	(92,982)	92,982	-	(20,601)	-	(20,601)	(a)
		Total O38 Projects	(444,001)	750,000	-	(326,761)	-	(20,762)	
O39	902135200212	Clementime Intersection Reconstruction	(7,350)	215,000	-	(258,692)	-	(51,042)	(a)
O39	917141614212	Coco Palms Flood Imprvmt	(129,476)	440,000	-	(388,434)	-	(77,910)	(a)
		Total O39 Projects	(136,826)	655,000	-	(647,126)	-	(128,952)	
O40	902135400212	Mainline R/R Xing Sfty	(37,890)	-	-	(529,145)	-	(567,035)	(a)(b)
O44	902143215212	El Camino Real Guardrail	(25,720)	50,000	-	(31,012)	-	(6,732)	(a)
O45	902146816212	Mission Ave from Carolyn Cir to Foussat Rd	-	-	-	(16,694)	-	(16,694)	(b)
O45	902147216212	Douglas Dr Median HSIP-City	-	-	-	(2,001)	-	(2,001)	(b)
		Total O45 Projects	-	-	-	(18,695)	-	(18,695)	
		Subtotal Congestion Relief	(2,039,311)	4,796,392	-	(4,318,011)	-	(1,560,930)	

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Congestion Relief balance carried forward	\$ (2,039,311)	\$ 4,796,392	\$ -	\$ (4,318,011)	\$ -	\$ (1,560,930)	
O46	904146616212	Coastal Rail Trail Oblvd Morse	-	-	-	(36,341)	-	(36,341)	(b)
O47	907146416212	Pier Restoration	-	-	-	(402,476)	-	(402,476)	(b)
		Interest income	111,821	-	1,185	-	-	113,006	
		Total Congestion Relief	(1,927,490)	4,796,392	1,185	(4,756,828)	-	(1,886,741)	
		Maintenance:							
O18	425411212	Misc Traffic Markings	(150,108)	160,000	-	(20,893)	-	(11,001)	(b)
O18	425426212	Misc Street Projects	(2,079,496)	784,082	-	(1,582,104)	-	(2,877,518)	(b)
O18	425418212	Neighborhood Traffic Improvement	(137,131)	140,000	-	(70,634)	-	(67,765)	(b)
O18	425620212	Street Tree Maintenance	(199,778)	200,000	-	(200,296)	-	(200,074)	(b)
O18	902141515212	Side Walk Repair	(249,741)	449,741	-	(121,370)	-	78,630	
O18	902754200212	Street Restoration	(701,177)	701,177	-	-	-	-	(c)
		Total O18 Projects	(3,517,431)	2,435,000	-	(1,995,297)	-	(3,077,728)	
		Interest Income	47,923	-	508	-	-	48,431	
		Total Maintenance	(3,469,508)	2,435,000	508	(1,995,297)	-	(3,029,297)	
		Total Local Street Improvements	(5,396,998)	7,242,592	1,693	(6,763,325)	-	(4,916,038)	
		Bike and Pedestrian:							
O30	902129800212	2-Year Educ/Encour/Awareness	(13,629)	17,752	-	-	-	4,123	(d)
O31A	836129700212	NCT Station Bikestation	(16,287)	8,721	-	-	7,566	-	(e)
		Total Bike and Pedestrian	(29,916)	26,473	-	-	7,566	4,123	
		Smart Growth:							
O42	836145615212	Seagaze Downtown Mobility	(3,149)	15,191	-	(15,513)	-	(3,471)	(b)(f)
O42	902145615212	Seagaze Downtown Mobility - City	(3,384)	-	-	(2,738)	-	(6,122)	(b)(f)
		Total Smart Growth	(6,533)	15,191	-	(18,251)	-	(9,593)	

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Senior Mini-Grant:							
O34	817130816212	Senior Transportation Grant	-	200,000	-	(200,000)	-	-	
		Total Senior Mini-Grant	-	200,000	-	(200,000)	-	-	
		Total <i>TransNet</i> Extension	(5,433,447)	7,484,256	1,693	(6,981,576)	7,566	(4,921,508)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	(4,512,670)	7,484,256	1,693	(7,175,146)	7,566	(4,194,301)	
		GASB 31 Market Value Adjustment	16,925	-	485	-	(16,925)	485	(g)
		Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment	<u>\$ (4,495,745)</u>	<u>\$ 7,484,256</u>	<u>\$ 2,178</u>	<u>\$ (7,175,146)</u>	<u>\$ (9,359)</u>	<u>\$ (4,193,816)</u>	

Notes:

- (a) The City requested a drawdown in September 2017 to remove the deficit.
- (b) The City will request a drawdown in FY18 to remove the deficit.
- (c) Work is complete. The project is closed.
- (d) The City will return \$4,123 in unearned revenue. The original reimbursement included in-kind volunteer work in error. The project is complete.
- (e) The adjustment consists of a \$7,275 transfer from the General Fund to Bike Station, and a \$291 advertisement cost paid on 4/2/14, which was included on Schedule A for June 30, 2014 and June 30, 2016. The project is complete.
- (f) The negative balance is due partially to a 10% retention held at SANDAG to be paid upon completion of the project.
- (g) The adjustment removes \$16,925 for GASB 31 market value adjustments in order to clear out previous year extended values listed in error. The remaining balance of \$485 is the correct FY17 adjusted market value.

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<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, 2017</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
O35	N/A	Regional Arterial Management Systems	\$ 56,000	\$ -	\$ (56,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>56,000</u>	<u>-</u>	<u>(56,000)</u>	<u>-</u>
Congestion Relief:						
O17	905120100212	Loma Alta Creek Detention Basins	2,160,000	-	(2,237,179)	(77,179)
O17	912145015212	LAC Dentention Basin Mitigation	-	-	(13,738)	(13,738)
O17	905120100212	North Ave Slope Protection	<u>-</u>	<u>-</u>	<u>(294,493)</u>	<u>(294,493)</u>
		Total O17 Projects	<u>2,160,000</u>	<u>-</u>	<u>(2,545,410)</u>	<u>(385,410)</u>
O24	902754200212	Street Restoration	<u>17,811,236</u>	<u>-</u>	<u>(17,587,257)</u>	<u>223,979</u>
O25	902111200212	Adp Signal TMC Traffic Mgmt Ctr	2,000,000	-	(1,972,748)	27,252
O25	902131300212	MssnAve Fiber-Optic Cable Design	120,000	-	(461,213)	(341,213)
O25	902131300212	MssnAve Fiber-Optic Cable Design	25,000	-	(42,388)	(17,388)
O25	903141315212	CstHwy/VstWy Upgrade Trffc Sig	<u>55,000</u>	<u>-</u>	<u>(19,570)</u>	<u>35,430</u>
		Total O25 Projects	<u>2,200,000</u>	<u>-</u>	<u>(2,495,919)</u>	<u>(295,919)</u>
O33	902131200212	Coast Hwy Corridor Study/EIR	683,921	-	(648,674)	35,247
O33	902137100212	Coast Hwy Vision EIR-SA	<u>10,365</u>	<u>-</u>	<u>(317,422)</u>	<u>(307,057)</u>
		Total O33 Projects	<u>694,286</u>	<u>-</u>	<u>(966,096)</u>	<u>(271,810)</u>
		Subtotal Congestion Relief	<u>22,865,522</u>	<u>-</u>	<u>(23,594,682)</u>	<u>(729,160)</u>

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<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, 2017</u>
		Congestion Relief balance carried forward	\$ 22,865,522	\$ -	\$ (23,594,682)	\$ (729,160)
O36	902136000212	El Corazon Access @ ORnch Rd	741,392	-	(741,392)	-
O37	425432212	SANDAG CRT Phase 2B	1,037	-	(1,037)	-
O37	902132400212	SANDAG CRT Phase 2B	1,780	-	(1,780)	-
O37	902135600212	Bicycle Master Plan/Bike Sfty	117,183	-	(206,777)	(89,594)
		Total O37 Projects	120,000	-	(209,594)	(89,594)
O38	902131500212	SRTS Calif ST-Lincoln/Palmquist	111,878	-	(111,878)	-
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	499,608	-	(440,234)	59,374
O38	902134600212	Traffic Sig Safety& Ped Access	45,532	-	(105,067)	(59,535)
O38	902135500212	Neighborhood Traffic Sfty Impr	92,982	-	(113,583)	(20,601)
		Total O38 Projects	750,000	-	(770,762)	(20,762)
O39	902135200212	Clementime Intersection Reconstruction	295,152	-	(346,194)	(51,042)
O39	917141614212	Coco Palms Flood Imprvmnt	440,000	-	(517,910)	(77,910)
		Total O39 Projects	735,152	-	(864,104)	(128,952)
O40	902135400212	Mainline R/R Xing Sfty	650,000	-	(1,217,035)	(567,035)
O44	902143215212	El Camino Real Guardrail	50,000	-	(56,732)	(6,732)
O45	902146816212	Mission Ave from Carolyn Cir to Foussat Rd	-	-	(16,694)	(16,694)
O45	902147216212	Coco Palms Flood Imprvmnt	-	-	(2,001)	(2,001)
		Total O45 Projects	-	-	(18,695)	(18,695)
		Subtotal Congestion Relief	25,912,066	-	(27,472,996)	(1,560,930)

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<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, 2017</u>
		Congestion Relief balance carried forward	\$ 25,912,066	\$ -	\$ (27,472,996)	\$ (1,560,930)
O46	904146616212	Coastal Rail Trail Oblvd Morse	-	-	(36,341)	(36,341)
O47	907146416212	Pier Restoration	-	-	(402,476)	(402,476)
		Interest Income	-	113,006	-	113,006
		Total Congestion Relief	<u>25,912,066</u>	<u>113,006</u>	<u>(27,911,813)</u>	<u>(1,886,741)</u>
		Maintenance:				
O18	425411212	Misc Traffic Markings	323,170	-	(334,171)	(11,001)
O18	425426212	Misc Street Projects	4,334,915	-	(7,212,433)	(2,877,518)
O18	425418212	Neighborhood Traffic Improvement	527,190	-	(594,955)	(67,765)
O18	425620212	Street Tree Maintenance	200,000	-	(400,074)	(200,074)
O18	902141515212	Side Walk Repair	449,741	-	(371,111)	78,630
O18	902754200212	Street Restoration	1,612,044	-	(1,612,044)	-
		Total O18 Projects	<u>7,447,060</u>	<u>-</u>	<u>(10,524,788)</u>	<u>(3,077,728)</u>
		Interest Income	-	48,431	-	48,431
		Total Maintenance	<u>7,447,060</u>	<u>48,431</u>	<u>(10,524,788)</u>	<u>(3,029,297)</u>
		Total Local Street Improvements	<u>33,415,126</u>	<u>161,437</u>	<u>(38,492,601)</u>	<u>(4,916,038)</u>
		Bike and Pedestrian:				
O30	902129800212	2-Year Educ/Encour/Awareness	177,521	-	(173,398)	4,123
O31A	836129700212	NCT Station Bikestation	87,206	-	(87,206)	-
		Total Bike and Pedestrian	<u>264,727</u>	<u>-</u>	<u>(260,604)</u>	<u>4,123</u>
		Smart Growth:				
O42	836145615212	Seagaze Downtown Mobility	31,240	-	(34,711)	(3,471)
O42	902145615212	Seagaze Downtown Mobility - City	-	-	(6,122)	(6,122)
		Total Smart Growth	<u>31,240</u>	<u>-</u>	<u>(40,833)</u>	<u>(9,593)</u>

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
Senior Mini-Grant:						
O34	817130816212	Senior Transportation Grant	\$ 395,952	\$ -	\$ (395,952)	\$ -
Total Senior Mini-Grant			<u>395,952</u>	<u>-</u>	<u>(395,952)</u>	<u>-</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>34,107,045</u>	<u>161,437</u>	<u>(39,189,990)</u>	<u>(4,921,508)</u>
Completed Projects:						
LSI - Congestion Relief			1,617,886	-	(1,617,886)	-
LSI - Maintenance			2,584,863	220	(2,585,083)	-
Bike and Pedestrian			302,893	-	(302,893)	-
Senior Mini-Grant			<u>757,082</u>	<u>13</u>	<u>(757,095)</u>	<u>-</u>
Total Completed Projects			<u>5,262,724</u>	<u>233</u>	<u>(5,262,957)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 39,369,769</u>	<u>\$ 161,670</u>	<u>\$ (44,452,947)</u>	<u>\$ (4,921,508)</u>

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

SCHEDULE C

Project Year	Last Date to Commit funds	MPO ID	Cumulative						
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2017	Cumulative Status	
								June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2010	June 30, 2017		\$ 199,920	\$ 6,999	\$ (206,919)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2011	June 30, 2018		118,617	1,199	(119,816)	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019		169,688	-	(169,688)	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020		402,690	-	(402,690)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021		251,826	1,690	(253,516)	-	-	-	-
For Fiscal Year ended June 30, 2015	June 30, 2022		128,478	911	(129,389)	-	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023		256,521	1,798	(258,319)	-	-	-	-
For Fiscal Year ended June 30, 2017	June 30, 2024	O22	<u>912,159</u>	<u>7,156</u>	<u>(709,403)</u>	-	(209,912)	-	-
Total RTCIP Funds			<u>\$ 2,439,899</u>	<u>\$ 19,753</u>	<u>\$ (2,249,740)</u>	<u>\$ -</u>	<u>\$ (209,912)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF POWAY, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Poway, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$1,615,518. We selected \$727,052 (45.00%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

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

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

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

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

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

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

Results: This procedure is not applicable as there were no remaining balances of completed projects for the fiscal year ended June 30, 2017.

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not report any 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 included on Schedule A.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

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

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

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

Fiscal year 2017 apportionment	\$1,475,334
Less: debt service payment	<u> -</u>
Net estimated apportionment	1,475,334
30% base	<u> 30%</u>
Fiscal year 2017 30% threshold	<u>442,600</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	331,386
Maintenance fund balance	<u> -</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>331,386</u>
Fund balance under apportionment	<u>\$ 111,214</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$331,386	\$389,353	\$720,739
Maintenance	<u> -</u>	<u>21,350</u>	<u>21,350</u>
Totals	<u>\$331,386</u>	<u>\$410,703</u>	<u>\$742,089</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 29.82% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$ 8,719,370	\$353,649	\$ 9,073,019
Maintenance	3,879,050	9,387	3,888,437
Interest	<u>14,689</u>	<u>47,667</u>	<u>62,356</u>
 Total local street and road revenue	 <u>\$12,613,109</u>	 <u>\$410,703</u>	 <u>\$13,023,812</u>
 30% of total local street and road revenue			 \$ 3,907,144
Less maintenance expenditures incurred to date			 <u>3,883,694</u>
 Available maintenance funds			 <u>\$ 23,450</u>
 Cumulative percentage expended for maintenance			 <u>29.82%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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, 2017, is summarized as follows:

Current year local discretionary expenditures	\$1,227,472
Less: MOE base year requirement	<u>(884,681)</u>
Excess MOE for the year ended June 30, 2017	\$ <u>342,791</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. 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 \$6,884. We selected \$1,642 (23.86%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon

dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

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

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

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

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

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

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

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

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

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

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

- x. 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 21, 2017.

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

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

- 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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* extension Ordinance for the year ended June 30, 2017y. 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.

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

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

Daniel Farn WP

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 Poway, 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, 2017

Project		Project Status	Funds	Interest	Project	City	Project Status		
MPO ID	Number	Project Name	July 1, 2016	Received	Income	Expenditures	Adjustments	June 30, 2017	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
POW 29	0407-4320D	Regional Arterial Management Systems	\$ -	\$ 7,300	\$ -	\$ (7,300)	\$ -	\$ -	
Total Congestion Relief Pass-Through			-	7,300	-	(7,300)	-	-	
Congestion Relief:									
POW 19	0411-4320B	15/16 Annual Reconstruction & Overlay Project	33,919	-	87	(34,006)	-	-	(a)
POW 20	0411-4320B	16/17 Annual Reconstruction & Overlay Project	-	950,000	662	(690,540)	-	260,122	
POW 22	12009	Poway Road Corridor Study	127,574	-	326	(127,900)	-	-	(a)
POW 34	12014A	Neighborhood Sidewalk Projects	-	50,000	128	-	-	50,128	
POW 35	12008	Midland Road Pedestrian Safety Project	300,240	-	804	(285,358)	-	15,686	
POW 41	12009	Poway Road Corridor Study	-	25,000	13	(19,563)	-	5,450	
Total Congestion Relief			461,733	1,025,000	2,020	(1,157,367)	-	331,386	
Maintenance:									
POW 27	0411-4320C	Street Maintenance Project	1	-	-	(1)	-	-	(b)
POW 28	0411-4320C	Street Maintenance Project	-	450,850	-	(450,850)	-	-	(a)(b)
Total Maintenance			1	450,850	-	(450,851)	-	-	
Total Local Street Improvement			461,734	1,483,150	2,020	(1,615,518)	-	331,386	
Subtotal <i>TransNet</i> Extension			461,734	1,483,150	2,020	(1,615,518)	-	331,386	
GASB 31 Market Value Adjustment			1,590	-	(2,322)	-	-	(732)	
Total <i>TransNet</i> Extension			\$ 463,324	\$ 1,483,150	\$ (302)	\$ (1,615,518)	\$ -	\$ 330,654	

Notes:

- (a) Project complete.
- (b) The expenditures for the City's Congestion Relief and Maintenance programs were substantially made during the first part of the fiscal year. However, due to cash flow constraints, *TransNet* funds were received evenly throughout the fiscal year. This resulted in an average negative cash balance for the fiscal year. Therefore, the funds received no interest allocation.

CITY OF POWAY, CALIFORNIA

SCHEDULE B

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
POW 29	0407-4320D	Regional Arterial Management Systems	\$ 36,500	\$ -	\$ (36,500)	\$ -
Total Congestion Relief Pass-Through			<u>36,500</u>	<u>-</u>	<u>(36,500)</u>	<u>-</u>
Congestion Relief:						
POW 19	0411-4320B	15/16 Annual Reconstruction & Overlay Project	820,000	114	(820,114)	-
POW 20	0411-4320B	16/17 Annual Reconstruction & Overlay Project	950,000	662	(690,540)	260,122
POW 22	12009	Poway Road Corridor Study	350,000	2,633	(352,633)	-
POW 34	12014A	Neighborhood Sidewalk Projects	50,000	128	-	50,128
POW 35	12008	Midland Road Pedestrian Safety Project	300,000	1,044	(285,358)	15,686
POW 41	12009	Poway Road Corridor Study	<u>25,000</u>	<u>13</u>	<u>(19,563)</u>	<u>5,450</u>
Total Congestion Relief			<u>2,495,000</u>	<u>4,594</u>	<u>(2,168,208)</u>	<u>331,386</u>
Maintenance:						
POW 27	0411-4320C	Street Maintenance Project	859,400	-	(859,400)	-
POW 28	0411-4320C	Street Maintenance Project	<u>450,850</u>	<u>-</u>	<u>(450,850)</u>	<u>-</u>
Total Maintenance			<u>1,310,250</u>	<u>-</u>	<u>(1,310,250)</u>	<u>-</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>3,841,750</u>	<u>4,594</u>	<u>(3,514,958)</u>	<u>331,386</u>
Completed Projects:						
Local Street Improvements:						
Congestion Relief			6,187,870	5,451	(6,193,321)	-
Maintenance			<u>2,568,800</u>	<u>4,644</u>	<u>(2,573,444)</u>	<u>-</u>
Total Completed Projects			<u>8,756,670</u>	<u>10,095</u>	<u>(8,766,765)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 12,598,420</u>	<u>\$ 14,689</u>	<u>\$ (12,281,723)</u>	<u>\$ 331,386</u>

CITY OF POWAY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative						
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2017	Cumulative Status	
								June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2009	June 30, 2016	POW42	\$ 78,000	\$ 5,741	\$ (63,908)	\$ -	\$ (19,833)	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	POW42	10,295	699	-	-	(10,994)	-	10,994
For Fiscal Year ended June 30, 2011	June 30, 2018	POW42	158,156	5,917	-	-	(22,289)	141,784	164,073
For Fiscal Year ended June 30, 2012	June 30, 2019		6,369	183	-	-	-	6,552	6,552
For Fiscal Year ended June 30, 2013	June 30, 2020		30,310	630	-	-	-	30,940	30,940
For Fiscal Year ended June 30, 2014	June 30, 2021		17,672	286	-	-	-	17,958	17,958
For Fiscal Year ended June 30, 2015	June 30, 2022		20,336	76	-	-	-	20,412	20,412
For Fiscal Year ended June 30, 2016	June 30, 2023		25,360	-	-	-	-	25,360	25,360
For Fiscal Year ended June 30, 2017	June 30, 2024		32,998	-	-	-	-	32,998	-
Interest Income			-	5,845	-	-	-	5,845	2,879
Subtotal RTCIP Funds			379,496	19,377	(63,908)	-	(53,116)	281,849	279,168
GASB 31 Market Value Adjustment			-	(568)	-	-	-	(568)	1,002
Total RTCIP Funds			\$ 379,496	\$ 18,809	\$ (63,908)	\$ -	\$ (53,116)	\$ 281,281	\$ 280,170

CITY OF SAN DIEGO, CALIFORNIA

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

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Diego, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$39,784,949. We selected \$10,220,002 (25.69%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2017. 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, three city departments charged labor and applied indirect costs to projects in the RTIP. The indirect cost rates charged by departments ranged from 10.0% to 98.7% of direct labor. Total indirect costs included within projects on the RTIP were \$2,972,441, or

7.47% of total *TransNet* expenditures. The City's indirect cost plan is reviewed by the California Department of Transportation (Caltrans). The City's indirect cost rates have been approved by Caltrans through June 30, 2017. However, the rates have not been audited yet by Caltrans or the State Controller's office. The last audit performed was conducted in January 2016, covering the fiscal years ended June 30, 2011 through June 30, 2016. The methodology used is consistent with the previously approved methodology.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient

agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: No exceptions were noted as a result of our procedures.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2017 apportionment	\$31,746,384
Less: debt service payment	<u> -</u>
Net estimated apportionment	31,746,384
30% base	<u> 30%</u>
Fiscal year 2017 30% threshold	<u>9,523,915</u>
Less:	
Local Streets and Roads fund balance	1,041,175
Local Street Improvement:	
Congestion Relief fund balance	(1,215,896)
Maintenance fund balance	<u> 8,651</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(166,070)</u>
Fund balance under apportionment	<u>\$ 9,689,985</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,215,896)	\$31,697,165	\$30,481,269
Maintenance	<u> 8,651</u>	<u> 1,612,625</u>	<u> 1,621,276</u>
Totals	<u>\$(1,207,245)</u>	<u>\$33,309,790</u>	<u>\$32,102,545</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 29.19% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$161,262,012	\$29,383,720	\$190,645,732
Maintenance	80,207,042	430,518	80,637,560
Interest	<u>179,314</u>	<u>3,495,552</u>	<u>3,674,866</u>
 Total local street and road revenue	 <u>\$241,648,368</u>	 <u>\$33,309,790</u>	 <u>\$274,958,158</u>
 30% of total local street and road revenue			 \$ 82,487,447
Less maintenance expenditures incurred to date			<u>(80,148,586)</u>
 Available maintenance funds			 \$ <u>2,338,861</u>
 Cumulative percentage expended for maintenance			 <u>29.15%</u>

11. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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 is in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2017, 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	\$41,711,844	\$181,102	\$927,568	\$42,820,514
Less MOE base year requirement	<u>(19,384,257)</u>	<u>(143,433)</u>	<u>(772,157)</u>	<u>(20,299,847)</u>
Excess MOE for the year ended June 30, 2017	<u>\$22,327,587</u>	<u>\$37,669</u>	<u>\$155,411</u>	<u>\$22,520,667</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. 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 \$3,306,645. We selected \$1,803,000 (54.53%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: The City spent 0.91% of program revenue for fund administration services for the year ended June 30, 2017. No exceptions were noted as a result of our procedures.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the

credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 11, 2017.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: No exceptions were noted as a result of our procedures.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

Dennis Fann UP

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
TransNet:									
Highways:									
CAL 28	524632	SR 56/Black Mountain Road	\$ 2,528,665	\$ -	\$ 20,867	\$ -	\$ -	\$ 2,549,532	(a)
		Total Highways	\$ 2,528,665	\$ -	\$ 20,867	\$ -	\$ -	\$ 2,549,532	
Local Streets and Roads:									
SD09	AIK.00001	New Walkways	-	-	-	(322,088)	329,373	7,285	(b)(c)
SD15	AIH.00001	Street Light Installation	308,736	-	-	(227,726)	(39,003)	42,007	
SD16A	AIL.00005	Modernize top 5-10 Prioritized Traffic Signals	(34,007)	-	-	(10,992)	44,999	-	(d)
SD17	AIE.00002	Guard Rails - AA	(29,528)	-	-	(195,291)	537,999	313,180	(b)(d)
SD18	AIL.00001	Signal Installation - AA	230,603	-	-	(98,734)	193,299	325,168	(d)
SD19	S00864	Streamview Drive	9,647	-	-	(78,112)	70,736	2,271	(b)
SD23	ACA.00001	Emergency Drainage Projects - AA	2,063	-	-	(2,276)	213	-	(b)
SD38	S00863	Georgia Street Bridge/University Ave Separation Replacement	3,942	-	-	-	-	3,942	
SD49	S11057	Florida Drive Median Improvement	5,402	-	-	-	22,312	27,714	(e)
SD51	S-00935	North Torrey Pines Road Bridge	-	-	-	(36,152)	150,000	113,848	(b)
SD96	AID.00005	Resurfacing City Streets	572,702	-	-	(49)	(547,492)	25,161	(b)(d)
SD97	AIK.00002	Annual Allocation - Install City St Lights in High Crime Areas	299	-	-	(299)	-	-	
SD127	S00941	Shoal Creek Pedestrian Bridge - Phase I	12,911	-	-	-	(12,911)	-	(d)
SD129	S00915	University Ave Mobility Study	11,799	-	-	(11,799)	-	-	
SD139	S00939	Laurel Street Bridge Over	167,748	-	-	-	(167,748)	-	(a)(b)
SD154	S00928	La Jolla Mesa Drive Sidewalk	22,740	-	-	(17,740)	-	5,000	
SD164	S00880	Miramar Road	655,807	-	-	(11,463)	(627,065)	17,279	(b)(d)
SD166	AIA.00001	Minor Bicycle Facilities	26,587	-	-	(8,302)	-	18,285	
		Subtotal Local Streets and Roads	1,967,451	-	-	(1,021,023)	(45,288)	901,140	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Local Streets and Roads balance carried forward	\$ 1,967,451	\$ -	\$ -	\$ (1,021,023)	\$ (45,288)	\$ 901,140	
SD175	S00609	Talbot Street Slope restoration	102,185	-	-	(10,966)	-	91,219	
SD179	S00907	Linda Vista Road at Genesee Intersection	-	-	-	(67,600)	67,600	-	(b)
SD208	S00602	Juan Street - Concrete Street	102,888	-	-	(55,848)	-	47,040	
SD226	S00870	Old Otay Road Westerly	1,776	-	-	-	-	1,776	
		Subtotal Local Streets and Roads	2,174,300	-	-	(1,155,437)	22,312	1,041,175	
		Interest income	-	-	-	-	-	-	
		Total Local Streets and Roads	2,174,300	-	-	(1,155,437)	22,312	1,041,175	
		GASB 31 Market Value Adjustment	(2,937)	-	403	-	-	(2,534)	
		Total Local Streets and Roads after GASB 31 Adjustment	\$ 2,171,363	\$ -	\$ 403	\$ (1,155,437)	\$ 22,312	\$ 1,038,641	
		Bikes and Pedestrian:							
SD14	S00731	State Route 15 Bikeway Study	57,244	-	524	-	-	57,768	(f)
SD108	S00944	Bayshore Bikeway Feasibility Study (Non CIP)	31,465	-	288	-	-	31,753	(g)
SD114	S00946	Rose Creek / Pedestrian Bridge	121,396	-	1,111	-	-	122,507	(f)
SD120	S00958	San Diego River Multi-Use	4,412	-	40	-	-	4,452	(g)
SD122	S00955	State Route 56 Bike Path	62,092	-	568	(59,103)	-	3,557	
SD141	S00943	Poway Road Bike Path	79,723	-	729	-	-	80,452	(g)
SD143	S00962	Rancho Bernardo Bikeway	196,435	-	1,797	-	-	198,232	(f)
SD145	13000376	Prop A Bicycle Safety Education	34,632	-	317	-	-	34,949	(f)
V02	S00951	Coastal Rail Trail	126,149	-	1,155	-	-	127,304	(g)
		Subtotal Bikes and Pedestrian	713,548	-	6,529	(59,103)	-	660,974	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Bikes and Pedestrian balance carried forward	\$ 713,548	\$ -	\$ 6,529	\$ (59,103)	\$ -	\$ 660,974	
		Interest Income	-	-	-	-	-	-	
		Total Bikes and Pedestrian	713,548	-	6,529	(59,103)	-	660,974	
		GASB 31 Market Value Adjustment	(1,906)	-	448	-	-	(1,458)	
		Total Bikes and Pedestrian after GASB 31 Adjustment	\$ 711,642	\$ -	\$ 6,977	\$ (59,103)	\$ -	\$ 659,516	
		Total <i>TransNet</i>	\$ 5,416,513	\$ -	\$ 27,396	\$ (1,214,540)	\$ 22,312	\$ 4,251,681	
		Total GASB 31 Market Value Adjustment	(4,843)	-	851	-	-	(3,992)	
		Total <i>TransNet</i> after GASB 31 Adjustment	\$ 5,411,670	\$ -	\$ 28,247	\$ (1,214,540)	\$ 22,312	\$ 4,247,689	
		TransNet Extension:							
		Major Corridor:							
SD108	S-00944	Bayshore Bikeway	\$ 275,354	\$ -	\$ 2,625	\$ (5,236)	\$ -	\$ 272,743	
		Total Major Corridor	275,354	-	2,625	(5,236)	-	272,743	
		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)	-	-	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
Congestion Relief:									
SD01	S00894	Alvarado Road Realignment	\$ 15,834	\$ -	\$ -	\$ -	\$ (15,834)	\$ -	(d)
SD06	S00865	Aldine Drive Slope Reconstruction	1,293,880	-	-	-	(1,293,880)	-	(d)
SD09	ABE.00001	Americans with Disabilities Improvements (ARRA)	945	-	-	-	(945)	-	(h)
SD09	AIK.00001	New Walkways (ARRA)	-	1,328	-	(21,623)	50,089	29,794	(b)(h)(i)
SD09	AIK.00001	New Walkways	(103,171)	1,542,137	-	(1,401,571)	12,925	50,320	(b)
Total SD09 Projects			(102,226)	1,543,465	-	(1,423,194)	62,069	80,114	
SD14	S00732	40th St. Promenade - Mid City Urban Trail	4,806	-	-	-	(4,806)	-	(d)
SD14	S00733	Cherokee Traffic Calming	45,121	-	-	-	(45,121)	-	(d)
Total SD14 Projects			49,927	-	-	-	(49,927)	-	
SD15	AIH.00001	Street Lights - Smart Growth Areas	-	401,883	-	(403,126)	-	(1,243)	(i)
SD16A	AIL.00002	Traffic Signal Interconnect Projects	(12,284)	358,717	-	(405,590)	-	(59,157)	(i)
SD16A	AIL.00003	Cooperative Signal Projects	-	2,802	-	(2,802)	-	-	
SD16A	AIL.00004	Traffic Signals - Citywide	(5,338)	389,837	-	(379,076)	-	5,423	
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	15,466	375,762	-	(435,000)	-	(43,772)	(i)
SD16A	AIL.00005	Traffic Signals - Modifications/ Modernization (ARRA)	16,039	-	-	-	-	16,039	
Total SD16A Projects			13,883	1,127,118	-	(1,222,468)	-	(81,467)	
Subtotal Congestion Relief			1,271,298	3,072,466	-	(3,048,788)	(1,297,572)	(2,596)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPOP ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Congestion Relief balance carried forward	\$ 1,271,298	\$ 3,072,466	\$ -	\$ (3,048,788)	\$ (1,297,572)	\$ (2,596)	
SD18	AIL.00001	Traffic Control/Calming Measures - Smart Growth Areas	(259,664)	837,865	-	(606,485)	-	(28,284)	(i)
SD19	S00864	Streamview Drive	(652,122)	1,410,115	-	(784,909)	1,414	(25,502)	(b)(i)
SD19	S00864	Streamview Drive (ARRA)	(158,348)	178,551	-	(20,203)	-	-	
		Total SD19 Projects	(810,470)	1,588,666	-	(805,112)	1,414	(25,502)	
SD23	ACA.00001	Drainage Projects	(130,202)	1,050,627	-	(946,892)	2,903	(23,564)	(d)(i)
SD23	ACA.00001	Drainage Projects (ARRA)	-	285,422	-	(767,377)	67,719	(414,236)	(d)(i)
		Total SD23 Projects	(130,202)	1,336,049	-	(1,714,269)	70,622	(437,800)	
SD29	S00845	43rd Street Widening	31,872	-	-	(21,795)	-	10,077	
SD31	S00859	Carmel Valley Road	33,283	-	-	(20,569)	(12,714)	-	(a)(b)
SD34	S00856	El Camino Real Road and Bridge Widening	(39)	28,754	-	(29,633)	-	(918)	(i)
SD38	S00863	Georgia St Bridge & University Ave	(31,117)	434,193	-	(451,177)	-	(48,101)	(i)
SD49	AIG.00001	Median Installation	(246,112)	482,767	-	(254,297)	-	(17,642)	(i)
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	(5,847)	52,333	-	(47,872)	-	(1,386)	(i)
		Subtotal Congestion Relief	(146,998)	7,833,093	-	(6,999,997)	(1,238,250)	(552,152)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
 TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Congestion Relief balance carried forward	\$ (146,998)	\$ 7,833,093	\$ -	\$ (6,999,997)	\$ (1,238,250)	\$ (552,152)	
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	(11,280)	29,673	-	(14,569)	-	3,824	
SD83	S00851	State Route 163 and Friars Road, Phase I	(754,685)	3,802,663	-	(3,052,098)	-	(4,120)	(i)
SD86	S00605	Famosa Slough Salt Marsh Restoration	17,354	-	-	(663)	-	16,691	
SD90	S00905	Clairemont Mesa/SR163	(22,061)	109,103	-	(403,872)	-	(316,830)	(i)
SD92	S00699 & S00700	Azalea Park Rdway Improvements and Neighborhood ID	16,272	-	-	-	-	16,272	(g)
SD96	AID.00005	Resurfacing of City Streets	410,027	579,365	-	(677,245)	772,933	1,085,080	(b)(d)
SD96	AID.00005	Resurfacing of City Streets (ARRA)	-	-	-	-	52,932	52,932	(b)(h)
SD96	AID.00006	Concrete Streets	29,600	-	-	-	(29,600)	-	(h)
		Total SD96 Projects	439,627	579,365	-	(677,245)	796,265	1,138,012	
SD97	AIK.00002	School Traffic Safety Improvements	(6,687)	34,977	-	(25,434)	170	3,026	(j)
SD99	AIE.00001	Bridge Rehabilitation	(9,812)	121,053	-	(117,244)	-	(6,003)	(i)
SD102A	S11060	Otay Mesa Truck Route Phase 4	240,558	20,798	-	(280,480)	-	(19,124)	(i)
SD106	S00839	Mission Beach Boardwalk Bulkhead	(107,198)	121,164	-	(1,393)	-	12,573	
		Subtotal Congestion Relief	(344,910)	12,651,889	-	(11,572,995)	(441,815)	292,169	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Congestion Relief balance carried forward	\$ (344,910)	\$ 12,651,889	\$ -	\$ (11,572,995)	\$ (441,815)	\$ 292,169	
SD108	S00944	Bayshore Bikeway	8,333	5,186	-	(13,519)	-	-	
SD108	S00944	Bayshore Bikeway (ARRA)	(525)	2,624	-	(2,099)	-	-	
		Total SD108 Projects	7,808	7,810	-	(15,618)	-	-	
SD113	S00914	Sorrento valley Rd & I-5 Interchange	(5,002)	91,993	-	(87,916)	-	(925)	(i)
SD114	S00946	Rose Creek Bikeway (ARRA)	91,024	-	-	-	(91,024)	-	(d)
SD120	S00958	San Diego River Multi-Use Bicycle Pedestrian Path	14,239	-	-	(370)	-	13,869	
SD127	S00941	Shoal Creek Pedestrian Bridge	61,821	-	-	-	(61,821)	-	(d)
SD129	S00915	University Avenue Mobility Project	4,716	351,868	-	(399,090)	-	(42,506)	(i)
SD129	S00915	University Avenue Mobility Project (ARRA)	(10,018)	10,018	-	-	-	-	
		Total SD129 Projects	(5,302)	361,886	-	(399,090)	-	(42,506)	
SD137	S00913	Palm Avenue Roadway Improvements	(1,497)	691,977	-	(1,005,257)	314,777	-	(b)
SD139	S00939	Laurel Street (Cabrillo) Bridge over SR 163	14,578	-	-	-	(14,578)	-	(a)(b)
SD141	S00939	Poway Road Bike Path	2,212	-	-	-	-	2,212	
		Subtotal Congestion Relief	(165,029)	13,805,555	-	(13,081,246)	(294,461)	264,819	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Congestion Relief balance carried forward	\$ (165,029)	\$ 13,805,555	\$ -	\$ (13,081,246)	\$ (294,461)	\$ 264,819	
SD153	S00985	25th Street Renaissance Project	15,075	-	-	(84,088)	69,013	-	(b)
SD154	S00928	La Jolla Mesa Drive Sidewalk	(4,077)	71,977	-	(105,028)	-	(37,128)	(i)
SD156	S00922	34th & 35th at Madison Improvements	83,846	-	-	(2,440)	-	81,406	
SD157	S00921	Cherokee Street Improvements	(105,154)	557,945	-	(456,668)	-	(3,877)	(i)
SD162	S00673	Home Avenue Street Improvements	162,272	-	-	(2,896)	-	159,376	
SD166	AIA.00001	Minor Bicycle Facilities	(53,325)	151,825	-	(118,603)	-	(20,103)	(i)
SD166	S00981	El Camino Real Road / SR-56 Bike Path Connector	-	1,830	-	(10,000)	-	(8,170)	(i)
SD166	S00955	Minor Bicycle Facilities	-	4,746	-	(5,901)	-	(1,155)	(i)
		Total SD166 Projects	(53,325)	158,401	-	(134,504)	-	(29,428)	
SD173	S00930	38th Street Improvements	47,451	-	-	-	(47,451)	-	(a)(b)
SD173	S00930	38th Street Improvements (ARRA)	49,144	-	-	-	(49,144)	-	(a)(b)
		Total SD173 Projects	96,595	-	-	-	(96,595)	-	
SD175	S-00609	Talbot Street Slope Reconstruction	73,504	-	-	(31,544)	-	41,960	
SD179	S-00907	Linda Vista Road and Genesee Avenue	(165,248)	438,057	-	(306,951)	34,142	-	(b)
		Subtotal Congestion Relief	(61,541)	15,031,935	-	(14,205,365)	(287,901)	477,128	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2017</u>	<u>Notes</u>
		Congestion Relief balance carried forward	\$ (61,541)	\$ 15,031,935	\$ -	\$ (14,205,365)	\$ (287,901)	\$ 477,128	
SD186	21002143	Administrative Expenses - Comptrollers	14,168	60,437	-	(76,894)	-	(2,289)	(i)
SD186	21002273	Administrative Expenses - Engineering	(26,087)	163,227	-	(148,798)	-	(11,658)	(i)
		Total SD186 Projects	(11,919)	223,664	-	(225,692)	-	(13,947)	
SD188	various	Congestion Relief /Traffic Signal Operations	2,442	3,281,514	-	(3,283,730)	-	226	
SD196	S-00613	Torrey Pines Improvements Phase I	7,269	-	-	-	(7,269)	-	(d)
SD196	S-00613	Torrey Pines Improvements Phase I (ARRA)	27	-	-	-	(27)	-	(d)
		Total SD196 Projects	7,296	-	-	-	(7,296)	-	
SD198	S-00733	Cherokee Traffic Calming	3,119	-	-	-	(3,119)	-	(d)
SD200	S14009	SR56 / Euclid Avenue Interchange Improv	-	375,152	-	(477,374)	-	(102,222)	(i)
SD207	S11056	Fourth Ave/Fifth Avenue & Nutmeg St	1,347	-	-	-	(1,347)	-	(d)
SD208	S00602	Juan Street - Concrete Street	(134,342)	1,132,424	-	(917,471)	90,000	170,611	(b)(d)
SD209	S00877	Torrey Pines Road Slope Reconstruction	8,032	-	-	(9,619)	-	(1,587)	(i)
SD210	S00988	Five Points Neighborhood Pedestrian Impr	(15,320)	413,115	-	(397,190)	75,000	75,605	(b)
		Subtotal Congestion Relief	(200,886)	20,457,804	-	(19,516,441)	(134,663)	605,814	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Congestion Relief balance carried forward	\$ (200,886)	\$ 20,457,804	\$ -	\$ (19,516,441)	\$ (134,663)	\$ 605,814	
SD212	S11033	Holly Drive Street Improvements	25,458	-	-	(3,349)	(22,109)	-	(a)(b)
SD226	S00870	Old Otay Road Westerly	(520,554)	1,872,264	-	(2,887,029)	200,302	(1,335,017)	(b)(i)
SD226	S00870	Old Otay Road Westerly (ARRA)	(28,482)	261,383	-	(284,281)	-	(51,380)	(i)
		Total SD226 Projects	(549,036)	2,133,647	-	(3,171,310)	200,302	(1,386,397)	
SD235	S15023	Torrey Pine Road Improvement Phase 2	-	117,381	-	(242,439)	-	(125,058)	(i)
SD237	S00951	Coastal Rail Trail	(32,938)	266,441	-	(311,232)	-	(77,729)	(i)
SD248	S13018	Avenida de la Playa Infrastructure - SD	-	4,387,442	-	(4,619,968)	-	(232,526)	(i)
		Interest income - Congestion Relief 70%	15,942	-	27,418	-	(43,360)	-	(b)(d)
		Total Congestion Relief	(741,460)	27,362,715	27,418	(27,864,739)	170	(1,215,896)	
		Maintenance:							
SD176	13000768	Maintenance	-	9,563,383	11,751	(9,592,209)	25,726	8,651	(b)
		Interest Income - Maintenance 30%	25,726	-	-	-	(25,726)	-	(b)
		Total Maintenance	25,726	9,563,383	11,751	(9,592,209)	-	8,651	
		Total Local Street Improvements	(715,734)	36,993,698	39,169	(37,524,548)	170	(1,207,245)	

SCHEDULE A

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
Bikes and Pedestrian:									
SD224	5001740	Downtown Complete Street Mobility Plan	(77,358)	77,358	-	-	-	-	
SD225	1000406-2013	Linda Vista CATS	(18,856)	130,290	-	(111,434)	-	-	
Total Bikes and Pedestrian			(96,214)	207,648	-	(111,434)	-	-	
Smart Growth:									
SD214	1000426-2014	Park Blvd./City College/San Diego High	(10,706)	-	-	-	10,706	-	(k)
SD227	1000401-2013	Morena Blvd Stn Study Ph 2	(45,483)	67,935	-	(91,492)	-	(69,040)	(l)
SD228	1000402-2013	The Complete Blvd Planning Study	(17,359)	83,596	-	(66,237)	-	-	
SD229	5004285	Island Ave Green Street Mobility Improvements	(122,896)	122,946	-	-	(50)	-	(m)
SD231	5004288	East Village Green/14th Street Promenade Master Plan	(30,000)	30,000	-	-	-	-	
SD238	100453-2015	San Ysidro Port of Entry District	-	9,450	-	(47,500)	-	(38,050)	(l)
SD239	100450-2015	Grantville Trolley Station	(627)	128,305	-	(244,583)	-	(116,905)	(l)
SD240	5004721	6th Ave Bridge Promenade Feasibility and Conceptual Design	-	7,662	-	(25,271)	-	(17,609)	(l)
SD241	1000451-2015	Pacific Beach Green Park & Transit	-	34,801	-	(57,517)	-	(22,716)	(l)
SD242	1000452-2015	Kearny Mesa Smart Grough	-	56,597	-	(105,000)	-	(48,403)	(l)
SD243	5004750	14th St Pedestrian Promenade Deonstration Block	-	108,899	-	(120,999)	-	(12,100)	(l)
Total Smart Growth			(227,071)	650,191	-	(758,599)	10,656	(324,823)	
Environmental Mitigation:									
VO8	1000123-2017	Bernardo Bay Cactus Wren	-	-	-	(13,000)	-	(13,000)	(l)
VO8	1000476-2017	Vernal Pool Restoration	-	-	-	(35,534)	-	(35,534)	(l)
Total Environmental Mitigation			-	-	-	(48,534)	-	(48,534)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
		Total <i>TransNet</i> Extension	\$ (763,665)	\$ 37,851,537	\$ 41,794	\$ (38,448,351)	\$ 10,826	\$ (1,307,859)	
		GASB 31 Market Value Adjustment	(16,120)	-	3,380	-	-	(12,740)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (779,785)	\$ 37,851,537	\$ 45,174	\$ (38,448,351)	\$ 10,826	\$ (1,320,599)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 4,652,848	\$ 37,851,537	\$ 69,190	\$ (39,662,891)	\$ 33,138	\$ 2,943,822	
		GASB 31 Market Value Adjustment	(20,963)	-	4,231	-	-	(16,732)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 4,631,885	\$ 37,851,537	\$ 73,421	\$ (39,662,891)	\$ 33,138	\$ 2,927,090	
		Non-TransNet (Fund Deficits Covered by "Other Revenues")							
		Additional TransNet Activity - Non Project Specific							
OTHER	Other	Other Revenues	\$ 122,058	\$ -	\$ -	\$ -	\$ (122,058)	\$ -	(c)
SD09	AIK.00001	New Walkways	-	-	-	(82,058)	82,058	-	(c)
SD106	S00726	Mission Beach Boardwalk	-	-	-	(40,000)	40,000	-	(c)
		Total Non- <i>TransNet</i> (Fund Deficits Covered By "Other Revenue")	\$ 122,058	\$ -	\$ -	\$ (122,058)	\$ -	\$ -	
		Total <i>TransNet</i> , <i>TransNet</i> Extension and Non- <i>TransNet</i>	\$ 4,774,906	\$ 37,851,537	\$ 69,190	\$ (39,784,949)	\$ 33,138	\$ 2,943,822	
		Total GASB 31 Market Value Adjustment	(20,963)	-	4,231	-	-	(16,732)	
		Total <i>TransNet</i> , <i>TransNet</i> Extension and Non- <i>TransNet</i> after GASB 31 Adjustment	\$ 4,753,943	\$ 37,851,537	\$ 73,421	\$ (39,784,949)	\$ 33,138	\$ 2,927,090	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
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Notes:

- (a) Project is complete.
- (b) City Council approval obtained for the transfer of funds per Resolution R-311834.
- (c) Other Revenues were used to cover Local Streets and Roads expenditures in SD09 (\$82,058) and SD106 (\$40,000).
- (d) City Council approval obtained for the transfer of funds per Resolution R-311157.
- (e) Recaptured programming from prior year expenditures move to Non-*TransNet* grant in same project.
- (f) Return grants to SANDAG upon written request.
- (g) The following projects are inactive (estimated completion dates shown) SD92 (6/30/18), SD108 (6/30/20), SD120 (6/30/18), SD141 (12/31/17), V02 (6/30/25).
- (h) Reallocation of revenue within the same MPO ID number.
- (i) FY18 draws will provide coverage for MPO ID projects with negative balances at June 30, 2017.
- (j) Received refund on previous year expenditures on a closed project.
- (k) Receipt of grant reimbursement related to FY16.
- (l) Deficit to be covered by future grant reimbursement request.
- (m) Correction of expenditures from FY16.

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Major Corridor:						
SD108	S-00944	Bayshore Bikeway	\$ 3,774,000	\$ 260,260	\$ (3,761,517)	\$ 272,743
		Total Major Corridor	<u>3,774,000</u>	<u>260,260</u>	<u>(3,761,517)</u>	<u>272,743</u>
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SD16A	13001747	Regional Arterial Management Systems	338,000	-	(338,000)	-
		Total Congestion Relief - Pass-Through	<u>338,000</u>	<u>-</u>	<u>(338,000)</u>	<u>-</u>
Congestion Relief:						
SD01	S00894	Alvarado Road Realignment	39,049	(425)	(38,624)	-
SD06	S00865	Aldine Drive Slope Reconstruction	826,042	(27,850)	(798,192)	-
SD09	ABE.00001	Americans with Disabilities Improvements (ARRA)	545,761	(5,108)	(540,653)	-
SD09	AIK.00001	New Walkways (ARRA)	1,840,712	(8,383)	(1,802,535)	29,794
SD09	AIK.00001	New Walkways	4,829,101	-	(4,778,781)	50,320
		Total SD09 Projects	<u>7,215,574</u>	<u>(13,491)</u>	<u>(7,121,969)</u>	<u>80,114</u>
SD14	S00732	40th St. Promenade - Mid City Urban Trail	66,337	-	(66,337)	-
SD14	S00733	Cherokee Traffic Calming	59,879	-	(59,879)	-
		Total SD 14 Projects	<u>126,216</u>	<u>-</u>	<u>(126,216)</u>	<u>-</u>
		Subtotal Congestion Relief	<u>8,206,881</u>	<u>(41,766)</u>	<u>(8,085,001)</u>	<u>80,114</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Congestion Relief balance carried forward	\$ 8,206,881	\$ (41,766)	\$ (8,085,001)	\$ 80,114
SD15	AIH.00001	Street Lights - Smart Growth Areas	939,786	(4,702)	(936,327)	(1,243)
SD16A	AIL.00002	Traffic Signal Interconnect Projects	1,031,889	(1,572)	(1,089,474)	(59,157)
SD16A	AIL.00003	Cooperative Signal Projects	2,802	-	(2,802)	-
SD16A	AIL.00004	Traffic Signals - Citywide	2,037,445	(4,826)	(2,027,196)	5,423
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	4,171,573	(3,471)	(4,211,874)	(43,772)
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization (ARRA)	52,139	-	(36,100)	16,039
		Total SD16A Projects	7,295,848	(9,869)	(7,367,446)	(81,467)
SD18	AIL.00001	Traffic Control/Calming Measures - Smart Growth Areas	2,922,836	(2,224)	(2,948,896)	(28,284)
SD19	S00864	Streamview Drive	3,222,361	(2,862)	(3,245,001)	(25,502)
SD19	S00864	Streamview Drive (ARRA)	178,551	-	(178,551)	-
		Total SD19 Projects	3,400,912	(2,862)	(3,423,552)	(25,502)
SD23	ACA.00001	Drainage Projects	4,717,571	(1,690)	(4,739,445)	(23,564)
SD23	ACA.00001	Drainage Projects (ARRA)	642,004	-	(1,056,240)	(414,236)
		Total SD16A Projects	5,359,575	(1,690)	(5,795,685)	(437,800)
SD29	S00845	43rd Street Widening	2,575,000	-	(2,564,923)	10,077
		Subtotal Congestion Relief	30,700,838	(63,113)	(31,121,830)	(484,105)

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Congestion Relief balance carried forward	\$ 30,700,838	\$ (63,113)	\$ (31,121,830)	\$ (484,105)
SD31	S00859	Carmel Valley Road	360,633	3,761	(364,394)	-
SD34	S00856	El Camino Real Road and Bridge Widening	711,569	2,965	(715,452)	(918)
SD38	S00863	Georgia St Bridge & University Ave	1,473,581	916	(1,522,598)	(48,101)
SD49	AIG.00001	Median Installation	1,655,981	(4,375)	(1,669,248)	(17,642)
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	669,705	1,817	(672,908)	(1,386)
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	1,089,307	(1,394)	(1,084,089)	3,824
SD83	S00851	State Route 163 and Friars Road, Phase I	20,202,271	(27,402)	(20,178,989)	(4,120)
SD86	S00605	Famosa Slough Salt Marsh Restoration	116,970	483	(100,762)	16,691
SD90	S00905	Clairemont Mesa/SR163	7,972,180	(10,234)	(8,278,776)	(316,830)
SD92	S00699 & S00700	Azalea Park Rdway Improvements and Neighborhood ID	150,000	317	(134,045)	16,272
		Subtotal Congestion Relief	65,103,035	(96,259)	(65,843,091)	(836,315)

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Congestion Relief balance carried forward	\$ 65,103,035	\$ (96,259)	\$ (65,843,091)	\$ (836,315)
SD96	AID.00005	Resurfacing of City Streets	13,614,806	-	(12,529,726)	1,085,080
SD96	AID.00005	Resurfacing of City Streets (ARRA)	102,076	-	(49,144)	52,932
SD96	AID.00006	Concrete Streets	21,968	-	(21,968)	-
		Total SD96 Projects	<u>13,738,850</u>	<u>-</u>	<u>(12,600,838)</u>	<u>1,138,012</u>
SD97	AIK.00002	School Traffic Safety Improvements	<u>974,089</u>	<u>(4,126)</u>	<u>(966,937)</u>	<u>3,026</u>
SD99	AIE.00001	Bridge Rehabilitation	<u>495,420</u>	<u>(492)</u>	<u>(500,931)</u>	<u>(6,003)</u>
SD102A	S11060	Otay Mesa Truck Route Phase 4	<u>731,217</u>	<u>-</u>	<u>(750,341)</u>	<u>(19,124)</u>
SD106	S00839	Mission Beach Boardwalk Bulkhead	<u>500,000</u>	<u>-</u>	<u>(487,427)</u>	<u>12,573</u>
SD108	S00944	Bayshore Bikeway	164,260	-	(164,260)	-
SD108	S00944	Bayshore Bikeway (ARRA)	<u>143,550</u>	<u>-</u>	<u>(143,550)</u>	<u>-</u>
		Total SD108 Projects	<u>307,810</u>	<u>-</u>	<u>(307,810)</u>	<u>-</u>
SD113	S00914	Sorrento valley Rd & I-5 Interchange	<u>446,599</u>	<u>-</u>	<u>(447,524)</u>	<u>(925)</u>
SD114	S00946	Rose Creek Bikeway (ARRA)	<u>3,979,016</u>	<u>(2,321)</u>	<u>(3,976,695)</u>	<u>-</u>
SD120	S00958	San Diego River Multi-Use Bicycle & Pedestrian Path	<u>1,474,853</u>	<u>3,187</u>	<u>(1,464,171)</u>	<u>13,869</u>
		Subtotal Congestion Relief	<u>87,750,889</u>	<u>(100,011)</u>	<u>(87,345,765)</u>	<u>305,113</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<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, 2017</u>
		Congestion Relief balance carried forward	\$ 87,750,889	\$ (100,011)	\$ (87,345,765)	\$ 305,113
SD127	S00941	Shoal Creek Pedestrian Bridge	686,844	539	(687,383)	-
SD129	S00915	University Avenue Mobility Project	1,039,932	(1,380)	(1,081,058)	(42,506)
SD129	S00915	University Avenue Mobility Project (ARRA)	180,000	-	(180,000)	-
		Total SD129 Projects	1,219,932	(1,380)	(1,261,058)	(42,506)
SD137	S00913	Palm Avenue Roadway Improvements	4,137,597	(1,627)	(4,135,970)	-
SD139	S00939	Laurel Street (Cabrillo) Bridge over Highway 163	104,298	(796)	(103,502)	-
SD141	S00939	Poway Road Bike Path	980,000	-	(977,788)	2,212
SD153	S00985	25th Street Renaissance Project	2,335,013	(1,201)	(2,333,812)	-
SD154	S00928	Home Avenue Street Improvements	113,570	-	(150,698)	(37,128)
SD156	S00922	34th & 35th at Madison Improvements	1,335,854	(1,241)	(1,253,207)	81,406
SD157	S00921	Cherokee Street Improvements	1,780,015	(321)	(1,783,571)	(3,877)
SD162	S00673	Home Avenue Street Improvements	700,000	-	(540,624)	159,376
SD166	AIA.00001	Minor Bicycle Facilities	980,285	(171)	(1,000,217)	(20,103)
SD166	S00981	El Camino Real Road / SR-56 Bike Path Connector	1,830	-	(10,000)	(8,170)
SD166	S00955	Minor Bicycle Facilities	4,746	-	(5,901)	(1,155)
		Total SD166 Projects	986,861	(171)	(1,016,118)	(29,428)
		Subtotal Congestion Relief	102,130,873	(106,209)	(101,589,496)	435,168

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<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, 2017</u>
		Congestion Relief balance carried forward	\$ 102,130,873	\$ (106,209)	\$ (101,589,496)	\$ 435,168
SD173	S00930	38th Street Improvements (ARRA)	1,139,115	(1,183)	(1,137,932)	-
SD175	S-00609	Talbot Street Slope Reconstruction	1,156,000	579	(1,114,619)	41,960
SD179	S-00907	Linda Vista Road and Genesee Avenue	899,617	(483)	(899,134)	-
SD186	21002143	Administrative Expenses - Comptrollers	708,033	2,320	(712,642)	(2,289)
SD186	21002273	Administrative Expenses - Engineering	1,484,262	431	(1,496,351)	(11,658)
		Total SD186 Projects	2,192,295	2,751	(2,208,993)	(13,947)
SD188	various	Congestion Relief /Traffic Signal Operations	15,731,740	39,944	(15,771,458)	226
SD196	S-00613	Torrey Pines Improvements Phase I	290,744	-	(290,744)	-
SD196	S-00613	Torrey Pines Improvements Phase I (ARRA)	501,960	(1,997)	(499,963)	-
		Total SD196 Projects	792,704	(1,997)	(790,707)	-
SD198	S-00733	Cherokee Traffic Calming	256,881	-	(256,881)	-
SD200	S14009	SR56 / Euclid Avenue Interchange Improv	375,152	-	(477,374)	(102,222)
SD207	S11056	Fourth Ave/Fifth Avenue & Nutmeg	67,894	-	(67,894)	-
		Subtotal Congestion Relief	124,742,271	(66,598)	(124,314,488)	361,185

SCHEDULE B

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<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, 2017</u>
		Congestion Relief balance carried forward	\$ 124,742,271	\$ (66,598)	\$ (124,314,488)	\$ 361,185
SD208	S00602	Juan Street - Concrete Street	2,011,764	-	(1,841,153)	170,611
SD209	S00877	Torrey Pines Road Slope Reconstruction	403,198	-	(404,785)	(1,587)
SD210	S00988	Five Points Neighborhood Pedestrian Impr	687,564	-	(611,959)	75,605
SD212	S11033	Holly Drive Street Improvements	52,891	-	(52,891)	-
SD226	S00870	Old Otay Mesa Road - Westerly	2,283,504	-	(3,618,521)	(1,335,017)
SD226	S00870	Old Otay Mesa Road - Westerly (ARRA)	322,823	-	(374,203)	(51,380)
		Total SD226 Projects	2,606,327	-	(3,992,724)	(1,386,397)
SD235	S15023	Torrey Pine Road Improvement Phase 2	117,381	-	(242,439)	(125,058)
SD237	S00951	Coastal Rail Trail	271,332	-	(349,061)	(77,729)
SD248	S13018	Avenida de la Playa Infrastructure - SD	4,387,442	-	(4,619,968)	(232,526)
		Total Congestion Relief	135,280,170	(66,598)	(136,429,468)	(1,215,896)
		Maintenance:				
SD176	13000768	Maintenance	74,156,642	(49,805)	(74,098,186)	8,651
		Total Maintenance	74,156,642	(49,805)	(74,098,186)	8,651

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Total Local Street Improvements	\$ 209,774,812	\$ (116,403)	\$ (210,865,654)	\$ (1,207,245)
		Bikes and Pedestrian:				
SD224	5001740	Downtown Complete Street Mobility Plan	294,697	-	(294,697)	-
SD225	1000406-2013	Linda Vista CATS	299,999	-	(299,999)	-
		Total Bikes and Pedestrian	594,696	-	(594,696)	-
		Smart Growth:				
SD214	1000426-2014	Park Blvd./City College/San Diego High	299,999	-	(299,999)	-
SD227	1000401-2013	Morena Blvd Stn Study Ph 2	204,750	-	(273,790)	(69,040)
SD228	1000402-2013	The Complete Blvd Planning Study	171,584	-	(171,584)	-
SD229	5004285	Island Ave Green Street Mobility Improvements	972,253	-	(972,253)	-
SD231	5004288	East Village Green/14th Street Promenade Master Plan	300,000	-	(300,000)	-
SD238	100453-2015	San Ysidro Port of Entry District	9,450	-	(47,500)	(38,050)
SD239	100450-2015	Grantville Trolley Station	133,950	-	(250,855)	(116,905)
SD240	5004721	6th Ave Bridge Promenade Feasibility and Conceptual Design	7,662	-	(25,271)	(17,609)
SD241	1000451-2015	Pacific Beach Green Park & Transit	34,801	-	(57,517)	(22,716)
SD242	1000452-2015	Kearny Mesa Smart Grough	56,597	-	(105,000)	(48,403)
SD243	5004750	14th St Pedestrian Promenade Demonstration Block	108,899	-	(120,999)	(12,100)
		Total Smart Growth	2,299,945	-	(2,624,768)	(324,823)
		Environmental Mitigation:				
V08	1000123-2017	Bernardo Bay Cactus Wren	-	-	(13,000)	(13,000)
V08	1000476-2017	Vernal Pool Restoration	-	-	(35,534)	(35,534)
		Total Environmental Mitigation	-	-	(48,534)	(48,534)

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
Subtotal Cumulative <i>TransNet</i> Extension			\$ 216,443,453	\$ 143,857	\$ (217,895,169)	\$ (1,307,859)
Completed Projects:						
LSI-Congestion Relief			25,643,842	35,457	(25,679,299)	-
LSI-Maintenance			6,050,400	-	(6,050,400)	-
Bikes and Pedestrian			948,963	-	(948,963)	-
Smart Growth			1,944,709	-	(1,944,709)	-
Environmental Mitigation			62,454	-	(62,454)	-
Total Completed Projects			34,650,368	35,457	(34,685,825)	-
Total Cumulative <i>TransNet</i> Extension			\$ 251,093,821	\$ 179,314	\$ (252,580,994)	\$ (1,307,859)

SCHEDULE C

CITY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

Project Year	Last Date to Spend funds	MPO ID	Cumulative						
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2017	Cumulative Status	
								June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2010	June 30, 2017	Various	\$ 862,805	\$ 39,990	\$ (902,795)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2011	June 30, 2018	Various	1,189,183	36,243	(1,225,426)	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	Various	2,403,483	47,258	(2,450,741)	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	Various	3,422,066	38,688	(3,460,754)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	Various	3,766,865	58,628	(3,825,493)	-	-	-	2,946,075
For Fiscal Year ended June 30, 2015	June 30, 2022	Various	4,291,606	48,891	(338,969)	-	4,001,528	-	4,308,904
For Fiscal Year ended June 30, 2016	June 30, 2023	Various	8,067,505	59,151	-	-	8,126,656	-	8,067,505
For Fiscal Year ended June 30, 2017	June 30, 2024	Various	6,897,302	-	-	-	5,942,432	954,870	-
Interest Income			-	294,381	-	-	-	294,381	112,345
Total RTCIP Funds			\$ 30,900,815	\$ 623,230	\$ (12,204,178)	\$ -	\$ 18,070,616	\$ 1,249,251	\$ 15,434,829

CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Marcos, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as the City did not allocate interest on schedule A due to a negative fund balance.

- 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 \$1,930,188. We selected \$555,452 (28.78%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to 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, 2018.

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: No exceptions were noted as a result of our procedures.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City did not report any 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2017 apportionment	\$2,129,219
Less: debt service payment	<u>(601,520)</u>
Net estimated apportionment	1,527,699
30% base	<u>30%</u>
Fiscal year 2017 30% threshold	<u>458,310</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(949,305)
Maintenance fund balance	<u>22,226</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(927,079)</u>
Fund balance under apportionment	<u>\$1,385,389</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(949,305)	\$6,793,383	\$5,844,078
Maintenance	<u>22,226</u>	<u>1,722,584</u>	<u>1,744,810</u>
Totals	<u>\$(927,079)</u>	<u>\$8,515,967</u>	<u>\$7,588,888</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 10.79% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$21,405,987	\$6,525,842	\$27,931,829
Maintenance	3,623,704	1,616,516	5,240,220
Interest	<u>36,264</u>	<u>373,609</u>	<u>409,873</u>
 Total local street and road revenue	 <u>\$25,065,955</u>	 <u>\$8,515,967</u>	 <u>\$33,581,922</u>
 30% of total local street and road revenue			 \$10,074,577
Less maintenance expenditures incurred to date			 <u>3,623,704</u>
 Available maintenance funds			 <u>\$ 6,450,873</u>
 Cumulative percentage expended for maintenance			 <u>10.79%</u>

11. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Principal Adjustments</u>	<u>Balance June 30, 2017</u>	<u>Interest Payments</u>
2010 Series A Bonds	\$15,139,627	\$ -	\$ -	\$ -	\$15,139,627	\$601,628
2014 Bonds	1,025,000	-	-	-	1,025,000	(108)

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.
 - 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, 2017, is summarized as follows:

Current year local discretionary expenditures	\$5,949,100
Less MOE base year requirement	<u>(3,804,565)</u>
Excess MOE for the year ended June 30, 2017	<u>\$2,144,535</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. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the

unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 7, 2017.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

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.

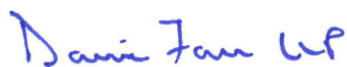
Results: This procedure is not applicable as there were no prior year findings and recommendations.

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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
April 30, 2018

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 MARCOS, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	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	-	-	-	(13,784)	(46,447)	(60,231)	(a)(b)
SM31	88265	Discovery Street Improvements	(33,379)	-	-	(102,381)	(56,435)	(192,195)	(b)(c)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	(121,620)	137,037	-	(129,138)	-	(113,721)	(a)
SM48	88505	SM Creek Specific Plan	473,399	-	-	(368,114)	(759,388)	(654,103)	(b)(c)
SM56	88263	Bent Ave Bridge and Street Improvement	(94,666)	102,821	-	(50,001)	-	(41,846)	(a)
SM59	86009	Annual Street Overlay Project	619,333	-	-	(432)	(520,000)	98,901	(d)(e)
SM61	86003	Street Rehabilitation - 2015	-	-	-	(520,000)	520,000	-	(d)
		2010 Series A Bonds Debt Service	-	601,628	-	(601,628)	-	-	
		2014 Bonds	-	(108)	-	108	-	-	
Subtotal Congestion Relief			843,067	841,378	-	(1,785,370)	(862,270)	(963,195)	
Interest Income			13,890	-	-	-	-	13,890	
Total Congestion Relief			856,957	841,378	-	(1,785,370)	(862,270)	(949,305)	
Maintenance:									
SM58	86006	Sidewalk Repair and Replacement	(8,000)	119,887	-	(111,887)	-	-	
Subtotal Maintenance			(8,000)	119,887	-	(111,887)	-	-	
Interest Income			22,226	-	-	-	-	22,226	
Total Maintenance			14,226	119,887	-	(111,887)	-	22,226	
Total Local Street Improvements			\$ 871,183	\$ 972,065	\$ -	\$ (1,908,057)	\$ (862,270)	\$ (927,079)	

CITY OF SAN MARCOS, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2017</u>	<u>Notes</u>
		Smart Growth							
SM53	88539	Armorlite Complete Street Corridor	<u>(727,965)</u>	<u>727,965</u>	-	-	-	-	(f)
		Total Smart Growth	<u>(727,965)</u>	<u>727,965</u>	-	-	-	-	
		Senior Mini-Grant							
SM57	N/A	On the Move Transportation Program	<u>(2,925)</u>	<u>15,642</u>	-	<u>(22,131)</u>	-	<u>(9,414)</u>	(c)
		Total Senior Mini-Grant	<u>(2,925)</u>	<u>15,642</u>	-	<u>(22,131)</u>	-	<u>(9,414)</u>	
		Total <i>TransNet</i> Extension	<u>\$ 140,293</u>	<u>\$ 1,715,672</u>	<u>\$ -</u>	<u>\$ (1,930,188)</u>	<u>\$ (862,270)</u>	<u>\$ (936,493)</u>	

Notes:

- (a) The City will adjust existing TransNet programming in FY18 to permit drawing of remaining balances.
- (b) The City adjustments are for expenditures not reported in the prior years.
- (c) The City will drawdown funds in FY18 to remove the deficit.
- (d) Funds were transferred from SM59 to SM61 via RTIP amendment 16-01. The City Council approved the transfer in November 2016 via Resolution No. 2016-8277.
- (e) Project was reclassified as Congestion Relief in FY17.
- (f) Project is complete.

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<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, 2017</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SM54	N/A	Regional Arterial Management Systems	\$ 43,200	\$ -	\$ (43,200)	\$ -
		Total Congestion Relief - Pass-Through	<u>43,200</u>	<u>-</u>	<u>(43,200)</u>	<u>-</u>
Congestion Relief:						
SM22	88179	South Santa Fe from Bosstick to Smilax	-	-	(60,231)	(60,231)
SM31	88265	Discovery Street Improvements	1,997,648	-	(2,189,843)	(192,195)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	160,486	-	(274,207)	(113,721)
SM48	88505	SM Creek Specific Plan	1,857,766	-	(2,511,869)	(654,103)
SM56	88263	Bent Ave Bridge and Street Improvement	126,265	-	(168,111)	(41,846)
SM59	86009	Annual Street Overlay Project	99,333	-	(432)	98,901
SM61	86003	Street Rehabilitation - 2015	520,000	-	(520,000)	-
		2010 Series A Bonds Debt Service	3,914,040	-	(3,914,040)	-
		2014 Bonds	<u>128,735</u>	<u>-</u>	<u>(128,735)</u>	<u>-</u>
		Subtotal Congestion Relief	8,804,273	-	(9,767,468)	(963,195)
		Interest Income	<u>-</u>	<u>13,890</u>	<u>-</u>	<u>13,890</u>
		Total Congestion Relief	<u>8,804,273</u>	<u>13,890</u>	<u>(9,767,468)</u>	<u>(949,305)</u>
Maintenance:						
SM58	86006	Sidewalk Repair and Replacement	119,887	-	(119,887)	-
		Interest Income	<u>-</u>	<u>22,226</u>	<u>-</u>	<u>22,226</u>
		Total Maintenance	<u>119,887</u>	<u>22,226</u>	<u>(119,887)</u>	<u>22,226</u>
		Total Local Street Improvements	<u>8,967,360</u>	<u>36,116</u>	<u>(9,930,555)</u>	<u>(927,079)</u>

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Smart Growth				
SM53	88539	Armorlite Complete Street Corridor	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
		Total Smart Growth	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>
SM57	N/A	Senior Mini-Grant				
		On the Move Transportation Program	34,992	-	(44,406)	(9,414)
		Total Senior Mini-Grant	<u>34,992</u>	<u>-</u>	<u>(44,406)</u>	<u>(9,414)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>10,002,352</u>	<u>36,116</u>	<u>(10,974,961)</u>	<u>(936,493)</u>
		Completed projects:				
		Congestion Relief	12,558,514	148	(12,558,662)	-
		Maintenance	3,503,817	-	(3,503,817)	-
		Bikes and Pedestrian	948,941	1,668	(950,609)	-
		Total Completed Projects	<u>17,011,272</u>	<u>1,816</u>	<u>(17,013,088)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 27,013,624</u>	<u>\$ 37,932</u>	<u>\$ (27,988,049)</u>	<u>\$ (936,493)</u>

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2017	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2009	June 30, 2016	SM31	\$ 14,000	\$ 1,011	\$ -	\$ -	\$ (15,011)	\$ -	\$ -
For Fiscal Year ended June 30, 2010	June 30, 2017	SM31	2,040	127	-	-	(2,167)	-	2,167
For Fiscal Year ended June 30, 2011	June 30, 2018	SM31	93,760	3,919	-	-	(97,679)	-	97,679
For Fiscal Year ended June 30, 2012	June 30, 2019	SM31	82,797	2,672	-	-	(85,469)	-	85,469
For Fiscal Year ended June 30, 2013	June 30, 2020	SM31	1,155,830	15,387	-	-	(1,171,217)	-	1,171,217
For Fiscal Year ended June 30, 2014	June 30, 2021	SM31	11,045	140	-	-	(11,185)	-	11,185
For Fiscal Year ended June 30, 2015	June 30, 2022	SM31	166,795	991	-	-	(167,786)	-	167,786
For Fiscal Year ended June 30, 2016	June 30, 2023	SM31	364,168	-	-	-	(231,786)	132,382	364,168
For Fiscal Year ended June 30, 2017	June 30, 2024		874,955	-	-	-	-	874,955	-
Interest Income			-	40,288	-	-	-	40,288	15,107
Total RTCIP Funds			<u>\$ 2,765,390</u>	<u>\$ 64,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,782,300)</u>	<u>\$ 1,047,625</u>	<u>\$ 1,914,778</u>

CITY OF SANTEE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Santee, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$3,600,812. We selected \$1,367,496 (37.98%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2017. The City's indirect cost plan has not been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. The City charges indirect costs at the rate of 21.60% of direct salary and benefit costs associated with each project. The City allocated a total of \$16,573 in indirect costs to the *TransNet* program, resulting in 0.46% of indirect costs compared to total *TransNet*

expenditures. The City's indirect cost plan is reviewed internally and updated annually. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments included on Schedule A.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions 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, 2018.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City did not report any 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 included on Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2017 apportionment	\$1,426,954
Less: debt service payment	<u>(956,841)</u>
Net estimated apportionment	470,113
30% base	<u>30%</u>
Fiscal year 2017 30% threshold	<u>141,034</u>
Less:	
Local Streets and Roads fund balance	\$ -
Local Street Improvement:	
Congestion Relief fund balance	(5,820)
Maintenance fund balance	<u>104,117</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>98,297</u>
Fund balance under apportionment	\$ <u>42,737</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (5,820)	\$ (742,822)	\$(748,642)
Maintenance	<u>104,117</u>	<u>891,976</u>	<u>996,093</u>
Totals	<u>\$ 98,297</u>	<u>\$ 149,154</u>	<u>\$ 247,451</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 10.40% of cumulative local street and road revenue for maintenance as indicated as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$23,044,979	\$(854,744)	\$22,190,235
Maintenance	2,806,372	857,660	3,664,032
Interest	<u>2,469</u>	<u>146,238</u>	<u>148,707</u>
Total local street and road revenue	<u>\$25,853,820</u>	<u>\$ 149,154</u>	<u>\$26,002,974</u>
30% of total local street and road revenue			\$ 7,800,892
Less maintenance expenditures incurred to date			<u>(2,703,322)</u>
Available maintenance funds			<u>\$ 5,097,570</u>
Cumulative percentage expended for maintenance			<u>10.40%</u>

11. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: Results are as follows as of June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2017</u>	<u>Interest Payments</u>
2010 Series B	\$6,117,409	\$ -	\$343,538	\$5,773,871	\$248,977
2014 Bonds	4,311,250	-	157,500	4,153,750	206,826

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.
 - 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 is in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2017, is summarized as follows:

Current year local discretionary expenditures	\$ 820,762
Less MOE base year requirement	<u>(485,044)</u>
Excess MOE for the year ended June 30, 2017	<u>\$ 335,718</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. 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 \$522,933. We selected \$334,619 (63.99%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the

credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 16, 2017.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

Darin Furr WP

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	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	2015-03	Citywide Pavement Repair & Rehab 2015	(199,057)	199,057	-	-	-	-	(a)
SNT04	2016-02	Citywide Pavement Repair & Rehab 2016	(11,742)	1,755,623	-	(1,743,694)	-	187	
SNT04	2017-05	Citywide Pavement Repair & Rehab 2017	-	11,838	-	(13,845)	-	(2,007)	(b)
		Subtotal SNT04	(210,799)	1,966,518	-	(1,757,539)	-	(1,820)	
SNT27	2016-06	Pavement Condition Survey and Report	-	66,000	-	(70,000)	-	(4,000)	(b)
		2010 Series B Bonds Debt Service	-	592,515	-	(592,515)	-	-	
		2014 Bonds Debt Service	-	364,326	-	(364,326)	-	-	
		Total Congestion Relief	(210,799)	2,989,359	-	(2,784,380)	-	(5,820)	
Maintenance:									
SNT22	2016-03	Citywide Pavement Maintenance 2016	124,512	488,260	-	(612,772)	-	-	(a)
SNT22	2016-05	Citywide Slurry Seal & Roadway Maintenance 2016	-	157,335	-	(157,335)	-	-	(a)
SNT22	2017-04	Citywide Crack Sealing Project 2017	-	25,567	-	(25,396)	-	171	
SNT22	2017-06	Citywide Slurry Seal & Roadway Maintenance 2017	-	117,338	137	(13,529)	-	103,946	
		Total Maintenance	124,512	788,500	137	(809,032)	-	104,117	
		Total Local Street Improvements	(86,287)	3,785,259	137	(3,600,812)	-	98,297	
		Total <i>TransNet</i> Extension	(86,287)	3,785,259	137	(3,600,812)	-	98,297	
		GASB 31 Market Value Adjustment	151	-	(135)	-	-	16	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (86,136)	\$ 3,785,259	\$ 2	\$ (3,600,812)	\$ -	\$ 98,313	

Notes:
 (a) Project is complete.
 (b) The City will draw down funds during FY18.

SCHEDULE B

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<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, 2017</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass Through:						
SNT20		Regional Arterial Management Systems	\$ 37,000	\$ -	\$ (37,000)	\$ -
		Total Congestion Relief - Pass Through	<u>37,000</u>	<u>-</u>	<u>(37,000)</u>	<u>-</u>
Congestion Relief:						
SNT04	2015-03	Citywide Pavement Repair & Rehab 2015	3,206,481	-	(3,206,481)	-
SNT04	2016-02	Citywide Pavement Repair & Rehab 2016	1,764,717	-	(1,764,530)	187
SNT04	2017-05	Citywide Pavement Repair & Rehab 2017	<u>11,838</u>	<u>-</u>	<u>(13,845)</u>	<u>(2,007)</u>
		Subtotal SNT04	4,983,036	-	(4,984,856)	(1,820)
SNT27	2016-06	Pavement Condition Survey and Report	66,000	-	(70,000)	(4,000)
		2010 Series B Bonds Debt Service	4,122,456	-	(4,122,456)	-
		2014 Bonds Debt Service	<u>941,842</u>	<u>-</u>	<u>(941,842)</u>	<u>-</u>
		Total Congestion Relief	<u>10,113,334</u>	<u>-</u>	<u>(10,119,154)</u>	<u>(5,820)</u>
Maintenance:						
SNT22	2016-03	Citywide Pavement Maintenance 2016	626,230	-	(626,230)	-
SNT22	2016-05	Citywide Slurry Seal & Roadway Maint. 2016	157,335	-	(157,335)	-
SNT22	2017-04	Citywide Crack Sealing 2017	25,567	-	(25,396)	171
SNT22	2017-06	Citywide Slurry Seal & Roadway Maint. 2017	<u>117,338</u>	<u>137</u>	<u>(13,529)</u>	<u>103,946</u>
		Total Maintenance	<u>926,470</u>	<u>137</u>	<u>(822,490)</u>	<u>104,117</u>
		Total Local Street Improvements	<u>11,076,804</u>	<u>137</u>	<u>(10,978,644)</u>	<u>98,297</u>
Completed Projects						
		LSI - Congestion Relief	12,894,645	1,402	(12,896,047)	-
		LSI - Maintenance	1,879,902	930	(1,880,832)	-
		Commercial Paper Debt Service	3,979,674	-	(3,979,674)	-
		Bikes and Pedestrian	<u>423,141</u>	<u>-</u>	<u>(423,141)</u>	<u>-</u>
		Total Completed Projects	<u>19,177,362</u>	<u>2,332</u>	<u>(19,179,694)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 30,254,166</u>	<u>\$ 2,469</u>	<u>\$ (30,158,338)</u>	<u>\$ 98,297</u>

CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Funds		Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments (a)	Committed at June 30, 2017	June 30, 2017	June 30, 2016		
For Fiscal Year ended June 30, 2010	June 30, 2017	SNT23	\$ 316,200	\$ 8,056	\$ (325,243)	\$ 987	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2011	June 30, 2018	SNT23	124,860	3,172	(128,421)	389	-	-	-	-	
For Fiscal Year ended June 30, 2012	June 30, 2019	SNT23	173,607	4,402	(178,550)	541	-	-	-	2,351	
For Fiscal Year ended June 30, 2013	June 30, 2020	SNT23	204,965	5,204	(210,805)	636	-	-	-	207,186	
For Fiscal Year ended June 30, 2014	June 30, 2021	SNT23, SNT26	384,278	4,318	(313,396)	-	-	75,200	388,596	388,596	
For Fiscal Year ended June 30, 2015	June 30, 2022		106,441	637	-	-	-	107,078	107,078	107,078	
For Fiscal Year ended June 30, 2016	June 30, 2023		275,865	-	-	-	-	275,865	275,865	275,865	
For Fiscal Year ended June 30, 2017	June 30, 2024		228,629	-	-	-	-	228,629	-	-	
Interest Income			-	11,743	-	-	-	11,743	11,743	11,327	
Total RTCIP Funds			\$ 1,814,845	\$ 37,532	\$ (1,156,415)	\$ 2,553	\$ -	\$ 698,515	\$ 992,403		

Notes:

(a) City adjustments represent a correction to interest income in a prior year.

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Solana Beach, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$311,211. We selected \$80,654 (25.92%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to 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, 2018.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to

another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City did not report any 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2017 apportionment	\$429,617
Less: debt service payment	<u>(218,563)</u>
Net estimated apportionment	211,054
30% base	<u>30%</u>
Fiscal year 2017 30% threshold	<u>63,316</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	9,728
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>9,728</u>
Fund balance under apportionment	<u>\$ 53,588</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$9,728	\$ (368,553)	\$ (358,825)
Maintenance	<u>-</u>	<u>1,032,252</u>	<u>1,032,252</u>
Totals	<u>\$9,728</u>	<u>\$ 663,699</u>	<u>\$ 673,427</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 1.72% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$8,703,510	\$ (423,332)	\$8,280,178
Maintenance	164,237	1,012,420	1,176,657
Interest	<u>4,279</u>	<u>74,611</u>	<u>78,890</u>
 Total local street and road revenue	 <u>\$8,872,026</u>	 <u>\$ 663,699</u>	 <u>\$9,535,725</u>
 30% of total local street and road revenue			 \$2,860,718
Less maintenance expenditures incurred to date			<u>(164,237)</u>
 Available maintenance funds			 <u>\$2,696,481</u>
 Cumulative percentage expended for maintenance			 <u>1.72%</u>

11. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Interest</u> <u>Payments</u>
2010 Series A Bonds	\$5,499,999	\$ -	\$ -	\$5,499,999	\$218,563

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.
 - 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 is in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2017, is summarized as follows:

Current year local discretionary expenditures	\$1,716,525
Less MOE base year requirement	<u>(416,150)</u>
Excess MOE for the year ended June 30, 2017	<u>\$1,300,375</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. 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 \$47,000. We selected \$47,000 (100.00%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon

dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.v.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- x. 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 19, 2017.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

Daniel Jan W

Irvine, California
May 10, 2018

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
SB16	9323	Pavement Condition Assessment	\$ (20,778)	\$ 21,277	\$ -	\$ (874)	\$ 375	\$ -	(a)
SB16	9362.15	Annual Pavement Management	<u>16,857</u>	<u>83,143</u>	<u>-</u>	<u>(53,000)</u>	<u>(375)</u>	<u>46,625</u>	(a)
		Total SB16 Projects	<u>(3,921)</u>	<u>104,420</u>	<u>-</u>	<u>(53,874)</u>	<u>-</u>	<u>46,625</u>	
SB17	9327	Stevens/Valley Corridor Bicycle Improvements	<u>(1,980)</u>	<u>-</u>	<u>-</u>	<u>(38,774)</u>	<u>-</u>	<u>(40,754)</u>	(b)
		2010 Series A Bonds	<u>-</u>	<u>218,563</u>	<u>-</u>	<u>(218,563)</u>	<u>-</u>	<u>-</u>	
		Interest Income	<u>3,708</u>	<u>-</u>	<u>149</u>	<u>-</u>	<u>-</u>	<u>3,857</u>	
		Total Congestion Relief	<u>(2,193)</u>	<u>322,983</u>	<u>149</u>	<u>(311,211)</u>	<u>-</u>	<u>9,728</u>	
		Total Local Street Improvements	<u>(2,193)</u>	<u>322,983</u>	<u>149</u>	<u>(311,211)</u>	<u>-</u>	<u>9,728</u>	
Bikes and Pedestrian:									
SB15	9960	CATS - Bike Pedestrian Calming	<u>(4,812)</u>	<u>4,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total Bikes and Pedestrian	<u>(4,812)</u>	<u>4,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total <i>TransNet</i> Extension	<u>(7,005)</u>	<u>327,795</u>	<u>149</u>	<u>(311,211)</u>	<u>-</u>	<u>9,728</u>	
		GASB 31 Fair Market Value Adjustment	<u>(1,646)</u>	<u>-</u>	<u>(35)</u>	<u>-</u>	<u>1,646</u>	<u>(35)</u>	(c)
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	<u><u>\$ (8,651)</u></u>	<u><u>\$ 327,795</u></u>	<u><u>\$ 114</u></u>	<u><u>\$ (311,211)</u></u>	<u><u>\$ 1,646</u></u>	<u><u>\$ 9,693</u></u>	

Notes:

- (a) The Pavement Condition Assessment Project is complete. An interproject transfer was made to remove the deficit of Project Number 9323.
- (b) Project is ongoing and is expected to be completed in FY18. To remove the deficit balance, the City will submit a reimbursement request in FY18.
- (c) Adjustment was made to true-up the GASB 31 fair market value adjustment per the City's financial records.

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<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, 2017</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SB16	9323	Pavement Condition Assessment	\$ 21,652	\$ -	\$ (21,652)	\$ -
SB16	9362.15	Annual Pavement Management	<u>314,809</u>	<u>-</u>	<u>(268,184)</u>	<u>46,625</u>
		Total SB16 Projects	<u>336,461</u>	<u>-</u>	<u>(289,836)</u>	<u>46,625</u>
SB17	9327	Stevens/Valley Corridor Bicycle Improvements	<u>-</u>	<u>-</u>	<u>(40,754)</u>	<u>(40,754)</u>
		2010 Series A Bonds	<u>1,494,525</u>	<u>-</u>	<u>(1,494,525)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>3,857</u>	<u>-</u>	<u>3,857</u>
		Total Congestion Relief	<u>1,830,986</u>	<u>3,857</u>	<u>(1,825,115)</u>	<u>9,728</u>
		Total Local Street Improvements	<u>1,830,986</u>	<u>3,857</u>	<u>(1,825,115)</u>	<u>9,728</u>
Bikes and Pedestrian:						
SB15	9960	CATS- Bike Pedestrian Calming	<u>135,986</u>	<u>-</u>	<u>(135,986)</u>	<u>-</u>
		Total Bikes and Pedestrian	<u>135,986</u>	<u>-</u>	<u>(135,986)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>1,966,972</u>	<u>3,857</u>	<u>(1,961,101)</u>	<u>9,728</u>
Completed Projects						
		LSI - Congestion Relief	6,872,524	422	(6,872,946)	-
		LSI - Maintenance	<u>164,237</u>	<u>-</u>	<u>(164,237)</u>	<u>-</u>
		Total Completed Projects	<u>7,036,761</u>	<u>422</u>	<u>(7,037,183)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 9,003,733</u>	<u>\$ 4,279</u>	<u>\$ (8,998,284)</u>	<u>\$ 9,728</u>

CITY OF SOLANA BEACH CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2017	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2017	June 30, 2016
Year ended June 30, 2009	June 30, 2016	SB16	\$ 3,544	\$ 7	\$ (3,551)	\$ -	\$ -	\$ -	
Year ended June 30, 2010	June 30, 2017	SB16	-	-	-	-	-	-	
Year ended June 30, 2011	June 30, 2018	SB16	-	-	-	-	-	-	
Year ended June 30, 2012	June 30, 2019	SB16	3,623	-	(3,623)	-	-	-	
Year ended June 30, 2013	June 30, 2020	SB16	3,623	-	(3,623)	-	-	-	
Year ended June 30, 2014	June 30, 2021	SB16	3,623	-	(3,623)	-	-	-	
Year ended June 30, 2015	June 30, 2022	SB16	13,768	-	(13,768)	-	-	-	
Year ended June 30, 2016	June 30, 2023	SB16	19,566	-	(18,812)	-	754	754	
Year ended June 30, 2017	June 30, 2024		<u>29,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,714</u>	<u>-</u>	
Total RTCIP Funds			<u>\$ 77,461</u>	<u>\$ 7</u>	<u>\$ (47,000)</u>	<u>\$ -</u>	<u>\$ 30,468</u>	<u>\$ 754</u>	

CITY OF VISTA, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Vista, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income allocated to projects on Schedule A, as the average cash balance of the projects included on Schedule A was negative for the year ended June 30, 2017.

- 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 \$2,750,194. We selected \$881,152 (32.04%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to projects included within the RTIP.

- g. We reviewed that any amounts reflected in the “Adjustments” column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions 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, 2018.

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.

- I. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City did not report any 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2017 apportionment	\$2,229,222
Less: debt service payment	<u> -</u>
Net estimated apportionment	2,229,222
30% base	<u> 30%</u>
Fiscal year 2017 30% threshold	<u> 668,767</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(49,122)
Maintenance fund balance	<u> 102</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> (49,020)</u>
Fund balance under apportionment	\$ <u> 717,787</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(49,122)	\$ 560,488	\$ 511,366
Maintenance	<u> 102</u>	<u> 1,033,273</u>	<u> 1,033,375</u>
Totals	<u>\$(49,020)</u>	<u>\$1,593,761</u>	<u>\$1,544,741</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 21.43% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$15,609,269	\$ 362,132	\$15,971,401
Maintenance	4,681,149	929,872	5,611,021
Interest	<u>(38,111)</u>	<u>301,757</u>	<u>263,646</u>
 Total local street and road revenue	 <u>\$20,252,307</u>	 <u>\$1,593,761</u>	 <u>\$21,846,068</u>
 30% of total local street and road revenue			 \$6,553,820
Less maintenance expenditures incurred to date			 <u>(4,681,219)</u>
 Available maintenance funds			 <u>\$ 1,872,601</u>
 Cumulative percentage expended for maintenance			 <u>21.43%</u>

11. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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.
 - 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, 2017, is summarized as follows:

Current year local discretionary expenditures	\$ 3,549,162
Less MOE base year requirement	<u>(2,098,885)</u>
Excess MOE for the year ended June 30, 2017	<u>\$ 1,450,277</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. 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 \$324,742. We selected \$213,477 (65.74%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon

dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- x. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 19, 2017.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

Darin Fann WP

Irvine, California
April 30, 2018

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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 VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2017	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	(788,865)	1,160,741	-	(399,989)	-	(28,113)	(a)
VISTA 49	8252	Olive Ave Overpass Study	40	-	-	-	-	40	
VISTA 50	8232	Paseo Santa Fe Streetscape Improvements Ph I	(1,714,053)	1,714,053	-	-	-	-	(b)
VISTA 54	8289	Paseo Santa Fe Streetscape Improvements Ph II	-	322,102	-	(338,437)	-	(16,335)	(a)
VISTA 55	8290	Pedestrian Mobility Sidewalks	-	130,380	-	(135,109)	-	(4,729)	(a)
		Interest Income	15	-	-	-	-	15	
		Total Congestion Relief	(2,502,863)	3,327,276	-	(873,535)	-	(49,122)	
Maintenance:									
VISTA 53	8262	Annual Street Maintenance & Resurfacing	(278,101)	283,145	-	(5,044)	-	-	
		Interest Income	102	-	-	-	-	102	
		Total Maintenance	(277,999)	283,145	-	(5,044)	-	102	
		Total Local Street Improvements	(2,780,862)	3,619,221	-	(887,379)	-	(49,020)	
Senior Mini-Grants:									
VISTA 44	OUTAB	Out & About Vista	(52,651)	82,787	-	(105,850)	-	(75,714)	(c)
		Total Senior Mini-Grants	(52,651)	82,787	-	(105,850)	-	(75,714)	

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2017</u>	<u>Notes</u>
Smart Growth Grants:									
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	\$ 2,386	\$ 115,852	\$ -	\$ (130,368)	\$ (14,941)	\$ (27,071)	(c)(d)
Total Smart Growth Grants			2,386	115,852	-	(130,368)	(14,941)	(27,071)	
Bikes and Pedestrian									
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	-	975,182	-	(1,626,597)	14,941	(636,474)	(c)(d)
Total Bikes and Pedestrian			-	975,182	-	(1,626,597)	14,941	(636,474)	
Total <i>TransNet</i> Extension			\$ (2,831,127)	\$ 4,793,042	\$ -	\$ (2,750,194)	\$ -	\$ (788,279)	

- Notes:
- (a) City will request reimbursement of programmed funds to eliminate negative balance.
 - (b) Project is complete.
 - (c) Deficit to be eliminated by a future grant reimbursement request.
 - (d) Adjustment is due to misclassified revenues received in the prior year for Smart Growth when revenues received were applicable to Active Transportation Grant Program (ATGP).

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
VISTA 56	N/A	Regional Arterial Management Systems	\$ 35,200	\$ -	\$ (35,200)	\$ -
Total Congestion Relief - Pass-Through			<u>35,200</u>	<u>-</u>	<u>(35,200)</u>	<u>-</u>
Congestion Relief:						
VISTA 46	8225	Street Construction/Overlay-Annual	5,375,989	-	(5,404,102)	(28,113)
VISTA 49	8252	Olive Ave Overpass Study	6,365	-	(6,325)	40
VISTA 50	8232	Paseo Santa Fe Streetscape Improvements Ph I	4,386,053	-	(4,386,053)	-
VISTA 54	8289	Paseo Santa Fe Streetscape Improvements Ph II	322,102	-	(338,437)	(16,335)
VISTA 55	8290	Pedestrian Mobility Sidewalks	130,380	-	(135,109)	(4,729)
Interest Income			<u>-</u>	<u>15</u>	<u>-</u>	<u>15</u>
Total Congestion Relief			<u>10,220,889</u>	<u>15</u>	<u>(10,270,026)</u>	<u>(49,122)</u>
Maintenance:						
VISTA 53	8262	Annual Street Maintenance & Resurfacing	1,264,674	-	(1,264,674)	-
Interest Income			<u>-</u>	<u>102</u>	<u>-</u>	<u>102</u>
Total Maintenance			<u>1,264,674</u>	<u>102</u>	<u>(1,264,674)</u>	<u>102</u>
Total Local Street Improvements			<u>11,520,763</u>	<u>117</u>	<u>(11,569,900)</u>	<u>(49,020)</u>
Senior Mini-Grants:						
VISTA 44	OUTAB	Out & About Vista	451,276	-	(526,990)	(75,714)
Total Senior Mini-Grants			<u>451,276</u>	<u>-</u>	<u>(526,990)</u>	<u>(75,714)</u>

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
Smart Growth Grants:						
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	\$ 182,231	\$ -	\$ (209,302)	\$ (27,071)
Total Smart Growth Grants			<u>182,231</u>	<u>-</u>	<u>(209,302)</u>	<u>(27,071)</u>
VISTA 54/V10	TNSGG	Bikes and Pedestrian				
		Paseo Santa Fe Streetscapes Phase II	990,123	-	(1,626,597)	(636,474)
Total Bikes and Pedestrian			<u>990,123</u>	<u>-</u>	<u>(1,626,597)</u>	<u>(636,474)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>13,144,393</u>	<u>117</u>	<u>(13,932,789)</u>	<u>(788,279)</u>
Completed Projects:						
LSI - Congestion Relief			5,353,180	(38,298)	(5,314,882)	-
LSI - Maintenance			3,416,475	70	(3,416,545)	-
Senior Mini Grants			75,848	-	(75,848)	-
Smart Growth Grants			148,287	-	(148,287)	-
Bikes and Pedestrian			<u>372,534</u>	<u>-</u>	<u>(372,534)</u>	<u>-</u>
Total Completed Projects			<u>9,366,324</u>	<u>(38,228)</u>	<u>(9,328,096)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 22,510,717</u>	<u>\$ (38,111)</u>	<u>\$ (23,260,885)</u>	<u>\$ (788,279)</u>

SCHEDULE C

CITY OF VISTA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

Project Year	Last Date to Committ funds	MPO ID	Cumulative				Funds Committed at June 30, 2017	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2017	June 30, 2016
For Fiscal Year ended June 30, 2010	June 30, 2017	VISTA15/46	\$ 69,360	\$ 1,543	\$ (70,903)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2011	June 30, 2018	VISTA15/46	101,696	3,057	(104,753)	-	-	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	VISTA15/46	186,824	3,766	(190,590)	-	-	-	65,602
For Fiscal Year ended June 30, 2013	June 30, 2020	VISTA15/46	43,762	330	(44,092)	-	-	-	44,092
For Fiscal Year ended June 30, 2014	June 30, 2021	VISTA15/46	176,720	1,381	(178,101)	-	-	-	178,101
For Fiscal Year ended June 30, 2015	June 30, 2022	VISTA15/46	200,606	1,862	(36,947)	-	-	165,521	202,468
For Fiscal Year ended June 30, 2016	June 30, 2023		214,830	-	-	-	-	214,830	214,830
For Fiscal Year ended June 30, 2017	June 30, 2024		172,061	-	-	-	-	172,061	-
Interest Income			-	17,540	-	-	-	17,540	6,905
Total RTCIP Funds			\$ 1,165,859	\$ 29,479	\$ (625,386)	\$ -	\$ -	\$ 569,952	\$ 711,998

COUNTY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the County of San Diego, California (County), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The County's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The County recorded total *TransNet* expenditures in the amount of \$10,628,132. We selected \$2,786,362 (26.22%) 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 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: Indirect costs were allocated to the projects included in the RTIP, using an overhead ratio of total overhead costs to direct labor costs. Multiple rates were used due to different cost codes. A total of \$1,035,398 of indirect costs were charged to the *TransNet* program, which resulted in an average indirect cost rate of 10.15% compared to total *TransNet* expenditures. The indirect cost rate has not been reviewed by a federal or state agency, or audited by an independent certified public accounting firm.

The indirect cost rates are updated and reviewed on an annual basis by the County. The methodology used to calculate the indirect cost rate appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: 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, 2018.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the County did not report any 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt

service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The County is in compliance with the 30% requirement as follows:

Fiscal year 2017 apportionment	\$14,716,025
Less: debt service payment	<u>(1,354,090)</u>
Net estimated apportionment	13,361,935
30% base	<u>30%</u>
Fiscal year 2017 30% threshold	<u>4,008,581</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	879,334
Maintenance fund balance	<u>115,508</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>994,842</u>
Fund balance under apportionment	<u>\$ 3,013,739</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 2017 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2017 are as follows:

	Funds Held <u>by County</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$879,334	\$(12,904,675)	\$(12,025,341)
Maintenance	<u>115,508</u>	<u>35,972,425</u>	<u>36,087,933</u>
Totals	<u>\$994,842</u>	<u>\$ 23,067,750</u>	<u>\$ 24,062,592</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The County has expended 6.85% of cumulative local street and road revenue for maintenance as follows:

	<u>County</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$108,480,579	\$(14,144,892)	\$ 94,335,687
Maintenance	9,071,141	35,705,619	44,776,760
Interest	<u>1,532,968</u>	<u>1,507,023</u>	<u>3,039,991</u>
 Total local street and road revenue	 <u>\$119,084,688</u>	 <u>\$ 23,067,750</u>	 <u>\$142,152,438</u>
 30% of total local street and road revenue			 \$ 42,645,731
Less maintenance expenditures incurred to date			<u>(9,732,938)</u>
 Available maintenance funds			 <u>\$ 32,912,793</u>
 Cumulative percentage expended for maintenance			 <u>6.85%</u>

11. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed the schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2017</u>	<u>Interest Payments</u>
2008 Bonds	\$15,153,610	\$ -	\$ -	\$15,153,610	\$(647,745)
2012 Bonds	3,477,249	-	(534,768)	2,942,481	(171,577)

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.
 - 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: These procedures are not applicable as the County does not have an MOE requirement.

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The County recorded RTCIP expenditures in the amount of \$578,512. We selected \$258,840 (44.74%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the County did not incur expenditures for fund administration.

- vii. We reviewed to ensure that the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the County did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The County provided RTCIP documentation to us for review on October 9, 2017.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

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 findings.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the County's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
May 11, 2018

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“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

COUNTY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2017	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CNTY81		Regional Arterial Management Systems	\$ -	\$ 12,500	\$ -	\$ (12,500)	\$ -	\$ -	
CHV08		Willow Street Bridge Replacement	-	-	-	-	36,000	36,000	(a)
		Total Congestion Relief - Pass-Through	-	12,500	-	(12,500)	36,000	36,000	
Congestion Relief:									
CNTY14A	1010123	South Santa Fe - South	3,681	-	41	-	-	3,722	
CNTY21	1003030	Bradley Avenue	167,419	650,000	1,687	(601,572)	-	217,534	
CNTY24	1003046	Cole Grade - High School	1,829	580,000	1,495	(398,757)	-	184,567	
CNTY34	1009589	Dye Road Extension	3,266	-	36	-	-	3,302	
CNTY35	1009591	Ramona Street Extension	12,066	-	134	-	-	12,200	
CNTY36	1009592	San Vicente Road South I	419,995	2,268,000	2,078	(2,803,111)	-	(113,038)	(b)
CNTY38	1009758	Rancho Santa Fe Roundabouts	12	-	-	-	-	12	(c)
CNTY39	1010404	Bear Valley Parkway	322,879	1,579,000	1,141	(1,903,020)	-	-	(d)
CNTY82	1010313	Alpine Blvd	291,810	3,000,000	3,615	(2,743,488)	-	551,937	
CNTY83	1019279	SR67/Highland Dye Valley Intersection	48,969	-	404	(14,973)	-	34,400	
CNTY84	1019201	Stage Coach Lane/Reche Road Intersection	(8,573)	440,000	1,673	(277,964)	-	155,136	
CNTY86	1019604	Roadway Maintenance & Overlay	29,582	88,307	-	-	(117,889)	-	(e)
CNTY86	1020014	Countywide AC FY16/17	-	985,000	1,710	(1,296,244)	81,889	(227,645)	(f)(g)
CNTY89	1019200	East Vista Way/Gopher Canyon Intersection	4,106	160,000	835	(107,734)	-	57,207	
		Total Congestion Relief	1,297,041	9,750,307	14,849	(10,146,863)	(36,000)	879,334	
Maintenance:									
CNTY90	1020776	Camino Del Rey Drainage	-	165,000	1,117	(50,609)	-	115,508	
		Total Maintenance	-	165,000	1,117	(50,609)	-	115,508	

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2017	Notes
		Total Local Street Improvements	\$ 1,297,041	\$ 9,927,807	\$ 15,966	\$ (10,209,972)	\$ -	\$ 1,030,842	
		Bikes and Pedestrian:							
CNTY87	5004631	Active Transportation Plan	(72,630)	228,843	-	(191,337)	-	(35,124)	(h)
		Total Bikes and Pedestrian	(72,630)	228,843	-	(191,337)	-	(35,124)	
		Competitive Land Management Grant:							
V08	5001589	Lakeside Linkage	(23,261)	29,149	-	(5,888)	-	-	(i)
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	(27,733)	36,854	-	(103,643)	-	(94,522)	(h)
V08	5004730	Otay Valley River Cactus Wren	(11,766)	19,666	-	(16,868)	-	(8,968)	(h)
V08	5004738	Furby North Access	-	69,174	-	(76,860)	-	(7,686)	(h)
V08	5004942	Quino Habitat Restoration	-	15,940	-	(17,711)	-	(1,771)	(h)
V08	5004944	Cactus Wren 2017 Fencing	-	5,268	-	(5,853)	-	(585)	(h)
		Total Competitive Land Management Grant	(62,760)	176,051	-	(226,823)	-	(113,532)	
		Total <i>TransNet</i> Extension	\$ 1,161,651	\$ 10,332,701	\$ 15,966	\$ (10,628,132)	\$ -	\$ 882,186	

Notes:

- (a) CHV08 Willow Street Bridge Replacement in the City of Chula Vista received funds from CNTY86 in the amount of \$36,000 to pay for a portion of the bridge that is on the County of San Diego Right of Way. The County passed a resolution to amend the RTIP on December 14, 2016 Minute Order 11 to approve the transfer.
- (b) CNTY36 San Vicente Rd South cash drawdown will be made in FY18.
- (c) CNTY38 Rancho Santa Fe Roundabouts has been designed and environmental documentation is complete. However, no funding is currently identified for Right-of-Way or Construction. Estimated project completion date is July 2020.
- (d) CNTY39 Bear Valley Parkway project is complete.
- (e) CNTY86 Project 1019604 Roadway Maintenance & Overlay project is complete. Remaining funds were transferred to CNTY86 Project 1020014 Countywide AC FY16/17.
- (f) CNTY86 Project 1020014 Countywide AC FY16/17 transferred funds in the amount of \$36,000 to CHV08 Willow Street Bridge Replacement. The County passed a resolution to amend the RTIP on December 14, 2016 Minute Order 11 to approve the transfer.
- (g) CNTY86 Project 1020014 Countywide AC FY16/17 cash drawdown will be made in FY18.
- (h) Negative project status balance is due to qualifying expenditures incurred during the fiscal year. The remaining reimbursement will be made in FY18.
- (i) Project 5001589 Lakeside Linkage final reimbursement received. Project is complete.

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SAN54/ CNTY81 CHV08		Regional Arterial Management Systems	\$ 62,500	\$ -	\$ (62,500)	\$ -
		Willow Street Bridge Replacement	36,000	-	-	36,000
		Total Congestion Relief - Pass-Through	98,500	-	(62,500)	36,000
Congestion Relief:						
CNTY14A	1010123	South Santa Fe - South	992,300	2,516	(991,094)	3,722
CNTY21	1003030	Bradley Avenue	2,343,000	57,429	(2,182,895)	217,534
CNTY24	1003046	Cole Grade - High School	1,774,000	1,616	(1,591,049)	184,567
CNTY34	1009589	Dye Road Extension	969,405	797	(966,900)	3,302
CNTY35	1009591	Ramona Street Extension	820,330	19,151	(827,281)	12,200
CNTY36	1009592	San Vicente Road South I	29,263,086	14,565	(29,390,689)	(113,038)
CNTY38	1009758	Rancho Santa Fe Roundabouts	410,911	3,608	(414,507)	12
CNTY39	1010404	Bear Valley Parkway	16,421,768	15,305	(16,437,073)	-
CNTY82	1010313	Alpine Blvd	3,905,000	5,126	(3,358,189)	551,937
CNTY83	1019279	SR67/Highland Dye Valley Intersection	2,177,000	471	(2,143,071)	34,400
CNTY84	1019201	Stage Coach Lane/Reche Road Intersection	646,000	1,728	(492,592)	155,136
CNTY86	1019604	Roadway Maintenance & Overlay	568,307	39	(568,346)	-
CNTY86	1020014	Countywide AC FY16/17	1,066,889	1,710	(1,296,244)	(227,645)
CNTY89	1019200	East Vista Way/Gopher Canyon Intersection	403,000	883	(346,676)	57,207
		Total Congestion Relief	61,760,996	124,944	(61,006,606)	879,334
Maintenance:						
CNTY90	1020776	Camino Del Rey Drainage	165,000	1,117	(50,609)	115,508
		Total Maintenance	165,000	1,117	(50,609)	115,508
		Total Local Street Improvements	62,024,496	126,061	(61,119,715)	1,030,842

(Continued)

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
Bikes and Pedestrian:						
CNTY87	5004631	Active Transportation Plan	\$ 389,700	\$ -	\$ (424,824)	\$ (35,124)
Total Bikes and Pedestrian			<u>389,700</u>	<u>-</u>	<u>(424,824)</u>	<u>(35,124)</u>
Competitive Land Management Grant:						
V08	5001589	Lakeside Linkage	179,325	-	(179,325)	-
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	285,559	-	(380,081)	(94,522)
V08	5004730	Otay Valley River Cactus Wren	36,495	-	(45,463)	(8,968)
V08	5004738	Furby North Access	69,174	-	(76,860)	(7,686)
V08	5004942	Quino Habitat Restoration	15,940	-	(17,711)	(1,771)
V08	5004944	Cactus Wren 2017 Fencing	5,268	-	(5,853)	(585)
Total Competitive Land Management Grant			<u>591,761</u>	<u>-</u>	<u>(705,293)</u>	<u>(113,532)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>63,005,957</u>	<u>126,061</u>	<u>(62,249,832)</u>	<u>882,186</u>
Completed Projects:						
LSI - Congestion Relief			46,621,083	630,719	(47,251,802)	-
LSI - Maintenance			8,906,141	776,188	(9,682,329)	-
Bikes and Pedestrians			125,000	-	(125,000)	-
Competitive Land Management Grant			459,732	-	(459,732)	-
Total Completed Projects			<u>56,111,956</u>	<u>1,406,907</u>	<u>(57,518,863)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 119,117,913</u>	<u>\$ 1,532,968</u>	<u>\$ (119,768,695)</u>	<u>\$ 882,186</u>

COUNTY OF SAN DIEGO, CALIFORNIA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2017

Project Year	Last Date to Commit funds	MPO ID	Cumulative				County Adjustments	Funds Committed at June 30, 2017	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	County Adjustments			June 30, 2017	June 30, 2016	
For Fiscal Year ended June 30, 2010	June 30, 2017		\$ 815,447	\$ 2,064	\$ (817,511)	\$ -	\$ -	\$ -	\$ -		
For Fiscal Year ended June 30, 2011	June 30, 2018		1,120,191	2,461	(1,122,652)	-	-	-	-		
For Fiscal Year ended June 30, 2012	June 30, 2019		1,253,969	2,601	(1,256,570)	-	-	-	-		
For Fiscal Year ended June 30, 2013	June 30, 2020		699,665	1,696	(701,361)	-	-	-	-		
For Fiscal Year ended June 30, 2014	June 30, 2021		1,108,576	4,770	(1,113,346)	-	-	-	-		
For Fiscal Year ended June 30, 2015	June 30, 2022		1,180,266	4,039	(1,184,305)	-	-	-	-		
For Fiscal Year ended June 30, 2016	June 30, 2023		1,506,988	4,979	(1,511,967)	-	-	-	296,809	(a)	
For Fiscal Year ended June 30, 2017	June 30, 2024	CNTY89	1,455,074	6,988	(280,278)	44,913	-	1,226,697	-	(a)(b)	
Total RTCIP Funds			<u>\$ 9,140,176</u>	<u>\$ 29,598</u>	<u>\$ (7,987,990)</u>	<u>\$ 44,913</u>	<u>\$ -</u>	<u>\$ 1,226,697</u>	<u>\$ 296,809</u>		

Notes:

(a) Interest income and project expenditures for FY16 and FY17 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.

(b) Adjustment due to return of Admin Allocation over calculation for FY16.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether ITOC was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. SANDAG's management is responsible for the accounting records on behalf of ITOC. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.
Results: No exceptions were noted as a result of our procedures.

2. We obtained a detailed general ledger for *TransNet* revenues and expenditures from SANDAG staff for the current fiscal year.
Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff, Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments and an ending balance.
 - a. We substantiated all footnotes required in Schedule A.
Results: This procedure is not applicable as there were no footnotes required for Schedule A.

 - b. We agreed the beginning balance from the prior year or reviewed that the recipient agency provides a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made for the ITOC from SANDAG staff. We compared the *TransNet* revenue recorded for the ITOC to the listing of payments received from SANDAG staff. We notified SANDAG staff of any variations and obtained approval from SANDAG.

Results: No exceptions noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2017.
 - i. We reviewed the interest income reported on Schedule A and matched it to SANDAG's general ledger.

Results: No exceptions noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to SANDAG's general ledger.

Results: No exceptions noted as a result of our procedures.

- ii. We reviewed at least 25% of ITOC expenditures as reported by SANDAG to determine if they are necessary and reasonable in carrying out ITOC responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: ITOC recorded total *TransNet* expenditures in the amount of \$100,853. We selected \$38,374 (38.05%) for testing. No exceptions were noted as a result of our procedures.

- iii. If unallowable expenditures were identified in procedure 3.e.ii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 3.e.ii.

4. We obtained from SANDAG staff, Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance.
 - a. We reviewed the ending balances at June 30, 2017 and ensured that the balances agree for those projects reported in both Schedule A and Schedule B.

Results: No exceptions noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments 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 Adjustments column of Schedule A.

5. We reviewed and documented the status of any prior year findings and recommendations.

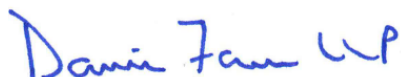
Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

6. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, 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 for the year ended June 30, 2017. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 30, 2018

GLOSSARY OF TERMS

“Current Fiscal Year” means the fiscal period of July 1, 2016, through June 30, 2017.

“ITOC” means the Independent Taxpayer Oversight Committee, with the administrative functions performed by SANDAG.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
Schedule of Status of Funds
Year Ended June 30, 2017

<u>Project Name</u>	<u>Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Committee Adjustments</u>	<u>Status June 30, 2017</u>
<i>TransNet</i> Extension:						
Independent Taxpayer Oversight Committee	\$ 280,215	\$ -	\$ 2,334	\$ (100,853)	\$ -	\$ 181,696
Total <i>TransNet</i> Extension	<u>\$ 280,215</u>	<u>\$ -</u>	<u>\$ 2,334</u>	<u>\$ (100,853)</u>	<u>\$ -</u>	<u>\$ 181,696</u>

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
Cumulative Schedule of Status of Funds
Year Ended June 30, 2017

<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Status June 30, 2017</u>
<i>TransNet</i> Extension:				
Independent Taxpayer Oversight Committee	<u>\$ 1,730,878</u>	<u>\$ 24,605</u>	<u>\$ (1,573,787)</u>	<u>\$ 181,696</u>
Total Cumulative <i>TransNet</i> Extension	<u>\$ 1,730,878</u>	<u>\$ 24,605</u>	<u>\$ (1,573,787)</u>	<u>\$ 181,696</u>

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the San Diego Metropolitan Transit System (MTS) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. MTS' management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable as MTS does not participate in the Grant Program.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with management, the *TransNet* revenues and expenditures are not recorded in a separate fund, but MTS maintains separate accountability for all

TransNet activity. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted MTS' alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: This procedure is not applicable as 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 there was no interest income required to be 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 \$42,735,589. We selected \$11,247,231 (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 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the

year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: MTS allocated indirect costs to MPO ID MTS33A included in the RTIP for the year ended June 30, 2017 at an overhead rate of 21.98% and a fringe rate of 63.03%. The total dollar amount of indirect costs charged was \$67,680, which represented 0.16% of total *TransNet* expenditures. MTS engaged an independent certified public accounting 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, which is reasonable. No exceptions were noted as a result of our procedures.

- g. We determined that any amounts reflected in the “Adjustments” column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments noted.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: This procedure is not applicable as there were no completed projects for the current or prior year.

- 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 current or prior 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 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, 2018.

Results: This procedure is not applicable as there were no projects with a negative ending balance.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency 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 did not report any 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 Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included on Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: This procedure is not applicable as there were no projects completed 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: MTS is in compliance with the 30% requirement as follows:

	Senior and <u>Disabled</u>	<u>Transit</u>
Fiscal year 2017 apportionment	\$804,977	\$30,347,638
Less: debt service payment	_____ -	_____ -
Net estimated apportionment	804,977	30,347,638
30% base	_____ 30%	_____ 30%
Fiscal year 2017 30% threshold	<u>241,493</u>	<u>9,104,291</u>
Less:		
Fund balance	_____ -	_____ -
Fund balance under apportionment	<u>\$241,493</u>	<u>\$ 9,104,291</u>

9. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

10. We reviewed transit operator eligibility for receipt of funds.
- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year.

- b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
- c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in 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 2016 to 2017 was 4.06%. The change in total operating cost per revenue vehicle hour for bus services was 0.52%, and thus MTS was in compliance with this portion of the requirement. However, the change in total operating cost per revenue vehicle mile for rail services was 9.68%, and thus MTS was not in compliance with this portion of the requirement. MTS submitted to the SANDAG Board, a request to recalculate operator eligibility for rail services by excluding certain state of good repair costs and on-time labor costs. The effect of these exclusions was a reduction in operating expenses of \$5,642,964 and \$1,496,932 for the years ended June 30, 2017 and 2016, respectively. On March 23, 2018, the SANDAG Board of Directors approved MTS' request. Therefore, we have calculated operator eligibility for rail services excluding certain state of good repair costs and on-time labor costs, and MTS is now in compliance with this requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2017</u>	<u>2016</u>	<u>Growth Rate</u>
Operating cost for buses	\$176,773,100	\$174,678,523	
Revenue vehicle hours	2,090,853	2,076,738	
Total operating cost per revenue vehicle hour	\$84.55	\$84.11	0.52%
Consumer Price Index	213.765	205.418	4.06%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2017</u>	<u>2016</u>	<u>Growth Rate</u>
Operating cost for rail	\$76,424,954	\$73,024,559	
Revenue vehicle miles	8,728,365	8,673,789	
Total operating cost per revenue vehicle mile	\$8.76	\$8.42	4.04%
Consumer Price Index	213.765	205.418	4.06%

11. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the transit operator's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 30, 2018

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 2017 of the Semiannual average indexes Table).

“**Current Fiscal Year**” means the fiscal period of July 1, 2016, through June 30, 2017.

“**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 Transit District, 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 Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>MTS Adjustments</u>	<u>Project Status June 30, 2017</u>
<i>TransNet</i> Extension:								
Operating:								
Senior and Disabled Transportation:								
MTS33A	47130	MTS Access	\$ -	\$ 807,486	\$ -	\$ (807,486)	\$ -	\$ -
Total Senior and Disabled Transportation			-	807,486	-	(807,486)	-	-
Transit and Trolley:								
MTS32A	47110	MTS Preventive Maintenance	-	30,405,397	-	(30,405,397)	-	-
Major Transit Corridor Operations:								
SAN80	47140	SuperLoop	-	2,175,776	-	(2,175,776)	-	-
SAN80	47150	Bus Rapid Transit	-	7,887,309	-	(7,887,309)	-	-
SAN80	47170	Mid City Bus Rapid Transit	-	1,459,621	-	(1,459,621)	-	-
Total Major Transit Corridor Operations			-	11,522,706	-	(11,522,706)	-	-
Total Transit and Trolley			-	41,928,103	-	(41,928,103)	-	-
Total Operating			-	42,735,589	-	(42,735,589)	-	-
Total <i>TransNet</i> Extension			\$ -	\$ 42,735,589	\$ -	\$ (42,735,589)	\$ -	\$ -

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension						
Capital:						
Major Corridor:						
MTS28	47120	Bus & Rail Rolling Stock	\$ 2,247,000	\$ -	\$ (2,247,000)	\$ -
		Total Capital	<u>2,247,000</u>	<u>-</u>	<u>(2,247,000)</u>	<u>-</u>
Operating:						
Senior and Disabled Transportation:						
MTS33A	47130	MTS Access	<u>6,297,500</u>	<u>-</u>	<u>(6,297,500)</u>	<u>-</u>
		Total Senior and Disabled Transportation	<u>6,297,500</u>	<u>-</u>	<u>(6,297,500)</u>	<u>-</u>
Transit and Trolley:						
MTS23A	47110	MTS Operating Support	<u>181,530,668</u>	<u>-</u>	<u>(181,530,668)</u>	<u>-</u>
MTS32A	47110	MTS Preventative Maintenance	<u>44,996,489</u>	<u>-</u>	<u>(44,996,489)</u>	<u>-</u>
Major Transit Corridor Operations:						
SAN80	47140	SuperLoop	8,628,941	-	(8,628,941)	-
SAN80	47150	Bus Rapid Transit	35,223,768	-	(35,223,768)	-
SAN80	47170	Mid City Bus Rapid Transit	<u>2,744,547</u>	<u>-</u>	<u>(2,744,547)</u>	<u>-</u>
		Total Major Transit Corridor Operations	<u>46,597,256</u>	<u>-</u>	<u>(46,597,256)</u>	<u>-</u>
		Total Transit and Trolley	<u>273,124,413</u>	<u>-</u>	<u>(273,124,413)</u>	<u>-</u>
		Total Operating	<u>279,421,913</u>	<u>-</u>	<u>(279,421,913)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>281,668,913</u>	<u>-</u>	<u>(281,668,913)</u>	<u>-</u>

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

<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, 2017</u>
		Completed Projects:				
		Capital:				
		Major Corridor:				
SAN67	47120	Blue Line Rehab	<u>45,442,895</u>	<u>-</u>	<u>(45,442,895)</u>	<u>-</u>
		Total Completed Projects	<u>45,442,895</u>	<u>-</u>	<u>(45,442,895)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 327,111,808</u>	<u>\$ -</u>	<u>\$ (327,111,808)</u>	<u>\$ -</u>

**NORTH COUNTY TRANSIT DISTRICT
OCEANSIDE, CALIFORNIA**

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether North County Transit District (NCTD) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. NCTD's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: 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: NCTD does not maintain a separate fund for *TransNet* revenues and expenditures. However, since NCTD is an enterprise fund, it does maintain separate

accountability for all *TransNet* activity. This alternative approach for maintaining separate accountability has been approved by SANDAG.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: NCTD recorded total *TransNet* expenditures in the amount of \$16,838,044. We selected \$5,309,848 (31.53%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: This procedure is not applicable as there were no indirect costs allocated to 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: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year’s intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

Results: This procedure is not applicable as there were no projects with a negative ending balance.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency 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 with no activity over the past two years.

- I. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as NCTD did not report any 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 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 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:

	<u>Senior and Disabled</u>	<u>Transit</u>
Fiscal year 2017 apportionment	\$326,249	\$12,299,578
Less: debt service payment	<u>-</u>	<u>(124,800)</u>
Net estimated apportionment	326,249	12,174,778
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2017 30% threshold	<u>97,875</u>	<u>3,652,433</u>
Less:		
Fund balance	<u>-</u>	<u>-</u>
Fund balance under apportionment	<u>\$ 97,875</u>	<u>\$ 3,652,433</u>

9. If applicable, we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2017</u>	<u>Interest Payments</u>
Commercial Paper	\$28,075,000	\$ -	\$(1,325,000)	\$26,750,000	\$(124,800)

10. We reviewed transit operator eligibility for receipt of funds.
 - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year.
 - b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
 - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in 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 2016 to 2017 was 4.06%. The change in total operating cost per revenue vehicle hour for bus services was 2.27%, and thus NCTD was in compliance with this portion of the requirement. The change in total operating cost per revenue vehicle mile for rail services was (0.42)%, and thus NCTD was in compliance with this portion of the requirement

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2017</u>	<u>2016</u>	<u>Growth Rate</u>
Operating cost for buses	\$59,368,282	\$56,293,038	
Revenue vehicle hours	605,184	586,886	
Total operating cost per revenue vehicle hour	\$98.10	\$95.92	2.27%
Consumer Price Index	213.765	205.418	4.06%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2017</u>	<u>2016</u>	<u>Growth Rate</u>
Operating cost for rail	\$34,031,427	\$34,266,348	
Revenue vehicle miles	790,308	792,481	
Total operating cost per revenue vehicle mile	\$43.06	\$43.24	(0.42)%
Consumer Price Index	213.765	205.418	4.06%

11. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on NCTD's compliance with the *TransNet*

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 30, 2018

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 2017 of the Semiannual average indexes Table).

“**Current Fiscal Year**” means the fiscal period of July 1, 2016, through June 30, 2017.

“**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 Transit District, 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, 2017

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2016</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>NCTD Adjustments</u>	<u>Project Status June 30, 2017</u>	<u>Notes</u>
TransNet:									
Capital:									
Transit:									
NCTD18	112005, 115005	Coastal	\$ 615,822	\$ -	\$ 4,056	\$ (2,517)	\$ (68,927)	\$ 548,434	(a)
NCTD18	412770, 514017	STP Projects and Services	16,912	-	97	(2,766)	-	14,243	
Total Transit			<u>632,734</u>	<u>-</u>	<u>4,153</u>	<u>(5,283)</u>	<u>(68,927)</u>	<u>562,677</u>	
Total Capital			<u>632,734</u>	<u>-</u>	<u>4,153</u>	<u>(5,283)</u>	<u>(68,927)</u>	<u>562,677</u>	
Total <i>TransNet</i>			<u>\$ 632,734</u>	<u>\$ -</u>	<u>\$ 4,153</u>	<u>\$ (5,283)</u>	<u>\$ (68,927)</u>	<u>\$ 562,677</u>	
TransNet Extension:									
Operating:									
Senior and Disabled Transportation:									
NCTD03	N/A	Elderly and Disabled	-	326,000	-	(326,000)	-	-	
Total Senior and Disabled Transportation			<u>-</u>	<u>326,000</u>	<u>-</u>	<u>(326,000)</u>	<u>-</u>	<u>-</u>	
Transit:									
NCTD02	817350	Preventive Maintenance	-	1,715,876	-	(1,715,876)	-	-	
NCTD16B	N/A	Oceanside to Escondido Rail Operations	-	2,352,393	-	(2,352,393)	-	-	
NCTD34	N/A	Expanded Transit Service	-	10,982,607	-	(10,982,607)	-	-	
Total Transit			<u>-</u>	<u>15,050,876</u>	<u>-</u>	<u>(15,050,876)</u>	<u>-</u>	<u>-</u>	
Total Operating			<u>-</u>	<u>15,376,876</u>	<u>-</u>	<u>(15,376,876)</u>	<u>-</u>	<u>-</u>	

NORTH COUNTY TRANSIT DISTRICT
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2017	Notes
Capital:									
Major Corridor:									
NCTD05	116005	Bus/ADA/Revenue Vehicle Purchases and Related Equipment	\$ 1,415,156	\$ -	\$ 2,134	\$ (1,417,290)	\$ -	\$ -	(b)
NCTD16	512554, 512556, 512557, 709501 709506, 709507, 709508, 709509, 709510	Oceanside-Escondido Rail Project	(30,320)	-	(12)	(38,595)	68,927	-	(a)
Total Major Corridor			1,384,836	-	2,122	(1,455,885)	68,927	-	
Total Capital			1,384,836	-	2,122	(1,455,885)	68,927	-	
Total <i>TransNet</i> Extension			\$ 1,384,836	\$ 15,376,876	\$ 2,122	\$ (16,832,761)	\$ 68,927	\$ -	
Total <i>TransNet</i> and <i>TransNet</i> Extension			\$ 2,017,570	\$ 15,376,876	\$ 6,275	\$ (16,838,044)	\$ -	\$ 562,677	

Notes:

- (a) Expenditures for prior years related to Coaster projects were reclassified to MPO NCTD18 Rail-Right-of-Way State of Good Repair.
- (b) Project is complete.

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
TransNet Extension:						
Operating:						
Senior and Disabled Transportation:						
NCTD03	N/A	Elderly and Disabled	\$ 2,553,325	\$ -	\$ (2,553,325)	\$ -
		Total Senior and Disabled Transportation	<u>2,553,325</u>	<u>-</u>	<u>(2,553,325)</u>	<u>-</u>
Major Corridor:						
NCTD34	N/A	Expanded Transit Service	<u>1,313,066</u>	<u>-</u>	<u>(1,313,066)</u>	<u>-</u>
		Total Major Corridor	<u>1,313,066</u>	<u>-</u>	<u>(1,313,066)</u>	<u>-</u>
Transit:						
NCTD02	817350	Preventive Maintenance	1,715,876	-	(1,715,876)	-
NCTD16B	N/A	Oceanside to Escondido Rail Operations	13,705,392	-	(13,705,392)	-
NCTD34	N/A	Expanded Transit Service	<u>81,902,909</u>	<u>-</u>	<u>(81,902,909)</u>	<u>-</u>
		Total Transit	<u>97,324,177</u>	<u>-</u>	<u>(97,324,177)</u>	<u>-</u>
		Total Operating	<u>101,190,568</u>	<u>-</u>	<u>(101,190,568)</u>	<u>-</u>
Capital:						
Major Corridor:						
NCTD05	116005	Bus/ADA/Revenue Vehicle Purchases and Related Equipment	1,509,482	9,215	(1,518,697)	-
NCTD16	512554, 512556, 512557, 709501, 709506, 709507, 709508, 709509, 709510	Oceanside-Escondido Rail Project	<u>65,304,611</u>	<u>366,358</u>	<u>(65,670,969)</u>	<u>-</u>
		Total Major Corridor	<u>66,814,093</u>	<u>375,573</u>	<u>(67,189,666)</u>	<u>-</u>
		Total Capital	<u>66,814,093</u>	<u>375,573</u>	<u>(67,189,666)</u>	<u>-</u>

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2017
		Subtotal Cumulative <i>TransNet</i> Extension	\$ 168,004,661	\$ 375,573	\$ (168,380,234)	\$ -
		Completed Projects:				
		Operating:				
		<i>TransNet</i> Senior Mini Grant	217,941	-	(217,941)	-
		Capital:				
		Major Corridor	1,509,624	54,003	(1,563,627)	-
		Bike, Pedestrian and Neighborhood Safety (BPNS) Inland Rail Trail	<u>3,870,000</u>	<u>25,257</u>	<u>(3,895,257)</u>	-
		Total Completed Projects	<u>5,597,565</u>	<u>79,260</u>	<u>(5,676,825)</u>	-
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 173,602,226</u>	<u>\$ 454,833</u>	<u>\$ (174,057,059)</u>	<u>\$ -</u>

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether SANDAG was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed, and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG 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 from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified 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, 2017.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: We identified the following variance between total project expenditures per Schedule A and SANDAG's general ledger.

<i>TransNet</i> expenditures per general ledger	\$328,218,575
<i>TransNet</i> expenditures per Schedule A	<u>327,454,238</u>
Variance	\$ <u>764,337</u>

The variance was a result of costs associated with the TIFIA loan as follows:

Loan application fee	\$100,000
Trustee administration fee	208
Cost of issuance	<u>664,129</u>
Total	<u>\$764,337</u>

- 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 \$327,454,238. We selected \$109,977,577 (33.59%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm. We documented the dollar amount of the indirect costs charged to the *TransNet* program, as well as the percentage of indirect costs as compared to total *TransNet* expenditures. If not, then we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable.

Results: SANDAG allocated indirect costs to projects included in the RTIP for the year ended June 30, 2017. SANDAG allocates indirect costs at a rate of 73.49% of direct labor costs associated with each project. SANDAG allocated a total of \$3,587,156 of indirect costs to projects, resulting in 1.10% of indirect costs compared to total *TransNet* expenditures. SANDAG's indirect cost plan has been reviewed and approved by the State of California Department of Transportation, and is updated by SANDAG on an annual basis. The indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- g. We determined that any amounts reported in the "Adjustments" column was explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no amounts reported in the adjustments column.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: This procedure is not applicable as there were no completed projects for the year ended June 30, 2017.

- 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 completed projects for the year ended June 30, 2017.

- 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, 2018.

Results: This procedure is not applicable as there were no projects with a negative ending balance.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency has provided a footnote of the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We reviewed that transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as SANDAG had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental

mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no amounts reported in the Adjustments column on Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. SANDAG is not a recipient of an annual apportionment.

9. If applicable (including SDCRTC), we obtained a roll forward schedule (by commercial paper and bonds) showing the beginning balance of debt additions, repayments and the ending balance. We agreed this schedule to long-term debt information for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2017.

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 \$37,638,396 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, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2017</u>
Commercial Paper	\$ 3,125,560	\$ 350,832	\$ -	\$ 3,476,392
2008 Bonds	23,912,740	1,791,303	-	25,704,043
2010 Bonds	2,889,682	6,433	-	2,896,115
2012 Bonds	2,315,890	3,559	-	2,319,449
2014 Bonds	1,279,017	4,910	-	1,283,927
2016 Bonds	-	1,194,133	-	1,194,133
2017 TIFIA Loan	-	764,337	-	764,337
Total	<u>\$33,522,889</u>	<u>\$4,115,507</u>	<u>\$ -</u>	<u>\$37,638,396</u>

11. We reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance:

- a. We reviewed and ensured that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

Results: No exceptions were note as a result of our procedures.

- b. We reviewed at least 25% of the administrative expenditures and ensured that they were expended by recipient SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: SANDAG recorded total administrative expenditures in the amount of \$3,253,760. We selected \$3,141,434 (96.55%) for testing. No exceptions were noted as a result of our procedures.

- i. If unallowable expenditures were identified in step 11b, we expanded the sample to include an additional 5 transactions based upon dollar amount, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 11.b.i.

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 2017 *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, 2017.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the Agency's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2017. 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.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 30, 2018

GLOSSARY OF TERMS

“**Current Fiscal Year**” means the fiscal period of July 1, 2016, through June 30, 2017.

“**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.

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
TransNet Extension:								
Administration:								
		SANDAG 1% Administration	\$ -	\$ 3,253,760	\$ (3,253,760)	\$ -	\$ -	
		Total Administration	-	3,253,760	(3,253,760)	-	-	
Bike, Pedestrian & Neighborhood Safety (BPNS) -								
Pass-Through:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	512,309	(512,309)	-	-	
CHV76	1223059	F Street Promenade Streetscape Master Plan	-	263,899	(263,899)	-	-	
CNTY87	1223060	County of San Diego-Active Transportation Plan	-	192,625	(192,625)	-	-	
ESC43	1223062	Escondido Creek Bikeway Missing Link	-	109,015	(109,015)	-	-	
IB16	1223063	Bikeway Village Bayshore Bikeway Access Enhancement Project	-	995,410	(995,410)	-	-	
NC20	1223064	Division Street Road Diet	-	796,498	(796,498)	-	-	
NC21	1223065	Euclid Avenue Bicycle and Pedestrian Enhancements	-	324,382	(324,382)	-	-	
O30	1223039	2 Year Education/Encouragement/Awareness Project	-	(2,592)	2,592	-	-	(a)
SB15	1223050	Solana Beach Comprehensive Active Transportation Strategies (CATS)	-	4,813	(4,813)	-	-	
SD225	1223044	Linda Vista CATS	-	80,094	(80,094)	-	-	
VISTA54	1224035	Paseo Santa Fe Phase II - (Congestion Relief)	-	1,100,136	(1,100,136)	-	-	
		Total BPNS - Pass-Through	-	4,376,589	(4,376,589)	-	-	
BPNS:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	51,069	(51,069)	-	-	
SAN40	3300200	Metropolitan Planning	-	20,000	(20,000)	-	-	
SAN73A	1239817	Chesterfield Drive Crossing Improvements	-	123,999	(123,999)	-	-	
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	-	(623,408)	623,408	-	-	(b)
SAN153	1223023	The Inland Rail Trail	-	3,654,319	(3,654,319)	-	-	
SAN154	1129900	Bayshore Bikeway Segment 8B	-	133,813	(133,813)	-	-	
SAN155	1223016	Coastal Rail Trail - Rose Creek	-	471,934	(471,934)	-	-	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	259,173	(259,173)	-	-	
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	-	126,554	(126,554)	-	-	
SAN195	1223055	Bayshore Bikeway - Barrio Logan	-	777,880	(777,880)	-	-	
		Subtotal BPNS	-	4,995,333	(4,995,333)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		BPNS balance carried forward	\$ -	\$ 4,995,333	\$ (4,995,333)	\$ -	\$ -	
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	-	244,082	(244,082)	-	-	
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	-	241,008	(241,008)	-	-	
SAN203	1223056	San Ysidro to IB Parkway	-	128,630	(128,630)	-	-	
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	-	70,604	(70,604)	-	-	
SAN205	1223057	NP to Downtown/Balboa Bikeway	-	348,123	(348,123)	-	-	
SAN206	1223058	Southeast to Downtown Bikeway	-	171,662	(171,662)	-	-	
SAN207	1223018	Coastal Rail Trail Encinitas: Chesterfield Dr to Solana Beach	-	2,053	(2,053)	-	-	
SAN229	1223078	North Park/Mid-City Bikeways: Landis Bikeway	-	350,486	(350,486)	-	-	
SAN230	1223079	North Park/Mid-City Bikeways: Howard-Orange Bikeway	-	77,172	(77,172)	-	-	
SAN232	1223081	North Park/Mid-City Bikeways: University Bikeway	-	44,821	(44,821)	-	-	
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	-	861,457	(861,457)	-	-	
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	-	381,013	(381,013)	-	-	
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bi	-	7,462	(7,462)	-	-	
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	-	325	(325)	-	-	
SAN237	1223086	Uptown Bikeways: Uptown Bikeways: Park Boulevard Bikew	-	491	(491)	-	-	
SAN238	1223080	North Park/Mid-City Bikeways Monroe Bikeway	-	50,316	(50,316)	-	-	
		Total BPNS	-	7,975,038	(7,975,038)	-	-	
		Senior Services - Pass-Through:						
COR20	1272200	Coronado Seniors Out and About Volunteer Driver Program	-	20,938	(20,938)	-	-	
LAM27	1270400	La Mesa - Rides4Neighbors	-	173,633	(173,633)	-	-	
O34	1270500	Oceanside - Solutions for Seniors on the Go	-	200,000	(200,000)	-	-	
SAN70	1271800	On the Go (Eastern San Diego)	-	144,317	(144,317)	-	-	
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Ri	-	148,701	(148,701)	-	-	
		Total SAN70	-	293,018	(293,018)	-	-	
		Subtotal Senior Services - Pass-Through	-	687,589	(687,589)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		Senior Services - Pass-Through balance carried forward	\$ -	\$ 687,589	\$ (687,589)	\$ -	\$ -	
SAN87	1270700	Elderhelp - Volunteer Driver Program	-	90,373	(90,373)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	52,222	(52,222)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	198,535	(198,535)	-	-	
SAN139	1271500	FACT MedAccessRide	-	8,862	(8,862)	-	-	
SAN141	1271000	Jewish Family Services	-	96,827	(96,827)	-	-	
SAN168	1271900	FACT Mobility Management	-	139,195	(139,195)	-	-	
SAN185	1270800	FACT MedRide	-	125,696	(125,696)	-	-	
SAN194	1272100	Mountain Health and Community	-	33,049	(33,049)	-	-	
SM57	1272300	On the Move Transportation Program	-	9,540	(9,540)	-	-	
VISTA44	1270600	City of Vista - Out and About	-	91,703	(91,703)	-	-	
		Total Senior Services - Pass-Through	-	1,533,591	(1,533,591)	-	-	
		Senior Services:						
SAN40	3320100	Metropolitan Planning	-	42,000	(42,000)	-	-	
		Total Senior Services	-	42,000	(42,000)	-	-	
		Smart Growth - Pass-Through:						
EL33	1224039	El Cajon Transit Center Transit-Supportive Land Use and Mobility Plan	-	223,583	(223,583)	-	-	
ESC44	1224034	Escondido Transit Center Active Transportation Connections	-	164,189	(164,189)	-	-	
IB17	1224042	Palm Avenue Mixed-Use and Commercial Corridor Master Plan - Rainbow	-	47,273	(47,273)	-	-	
LAM47	1224036	North Spring Street Smart Growth Corridor	-	46,230	(46,230)	-	-	
LG21	1224019	Main Street Promenade Extension Planning Project	-	7,259	(7,259)	-	-	
LG22	1224032	Lemon Grove Avenue Realignment Project (SGIP)	-	139,518	(139,518)	-	-	
LG23	1224041	Broadway Downtown Village Specific (DVSP) Expansion	-	50,141	(50,141)	-	-	
NC23	1224030	Westside Mobility Improvement Project	-	145,656	(145,656)	-	-	
NC24	1224037	Downtown Specific Plan Update	-	217,999	(217,999)	-	-	
NC25	1224028	Downtown-Westwide Wayfinding and Community Gateways	-	177,491	(177,491)	-	-	
		Subtotal Smart Growth - Pass-Through	-	1,219,339	(1,219,339)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet Extension Activities

Schedule of Status of Funds by Project (Continued)

Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		Smart Growth - Pass-Through balance carried forward	\$ -	\$ 1,219,339	\$ (1,219,339)	\$ -	\$ -	
O42	1224029	Seagaze Drive Downtown Mobility Project	-	15,272	(15,272)	-	-	
SD227	1224021	Morena Blvd Station Area Study Phase 2	-	94,981	(94,981)	-	-	
SD228	1224022	The Complete Boulevard Planning Study	-	59,921	(59,921)	-	-	
SD229	1224023	Island Ave. Green Street Mobility Improvements	-	(27,747)	27,747	-	-	(a)
SD238	1224033	San Ysidro Wayfinding Signs	-	84,500	(84,500)	-	-	
SD239	1224038	Grantville Trolley Station/Alvarado Creek Enhancement Project	-	274,111	(274,111)	-	-	
SD240	1224040	6th Avenue Bridge Promenade Feasibility and Conceptual Design	-	25,271	(25,271)	-	-	
SD241	1224043	Pacific Beach Greenways, Parks and Transit	-	63,523	(63,523)	-	-	
SD242	1224044	Kearny Mesa Smart Growth Employment Area Plan	-	105,000	(105,000)	-	-	
SD243	1224031	14th Street Pedestrian Promenade Demonstration Block	-	120,999	(120,999)	-	-	
VISTA54	1224035	Paseo Santa Fe Phase II	-	76,353	(76,353)	-	-	
		Total Smart Growth - Pass-Through	-	2,111,523	(2,111,523)	-	-	
		Smart Growth:						
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	20,000	(20,000)	-	-	
		Total Smart Growth	-	20,000	(20,000)	-	-	
		Local Street Improvements:						
CB44	3311002	Traffic Signal - Regional Arterial Management System (RAMS) - (Congestion Relief (CR))	-	11,700	(11,700)	-	-	
CHV39	3311002	Traffic Signal System Optimization	-	15,500	(15,500)	-	-	
CNTY81	3311002	Regional Traffic Signal Management - (CR)	-	12,500	(12,500)	-	-	
EL06	3311002	Traffic Signals Project	-	9,700	(9,700)	-	-	
ENC28	3311002	Traffic Signal Modifications	-	7,400	(7,400)	-	-	
LAM46	3311002	RAMS - (CR)	-	7,400	(7,400)	-	-	
NC04	3311002	Traffic Signal Install/Upgrade	-	8,000	(8,000)	-	-	
O35	3311002	RAMS - (CR)	-	11,200	(11,200)	-	-	
POW29	3311002	Citywide Traffic Signal Improvements - (CR)	-	7,300	(7,300)	-	-	
SD16A	3311002	Traffic Signals Citywide - (CR)	-	67,600	(67,600)	-	-	
		Subtotal Local Street Improvements	-	158,300	(158,300)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		Local Street Improvements balance carried forward	\$ -	\$ 158,300	\$ (158,300)	\$ -	\$ -	
SM54	3311002	Citywide Traffic Signals - (CR)	-	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:								
CAL29B	1207606	Caltrans SR 76 East EMP	-	3,299,000	(3,299,000)	-	-	
V07	12002xx	Caltrans EMP	-	3,569,300	(3,569,300)	-	-	
V08	1200384	Dehesa Nolina and Dudleya	-	18,910	(18,910)	-	-	
V08	1200385	San Diego Thornmint and Quino Checkerspot Butterfly	-	7,208	(7,208)	-	-	
V08	1200386	California Least Tern	-	6,693	(6,693)	-	-	
V08	1200387	Cactus Wren	-	985	(985)	-	-	
V08	1200394	Cactus Wren 2015	-	64,592	(64,592)	-	-	
V08	1200395	Nuttall's Lotus	-	42,300	(42,300)	-	-	
V08	1200396	Otay River Valley Cactus Wren	-	16,868	(16,868)	-	-	
V08	1200397	San Luis Rey, Santa Margarita, and San Dieguito Watershe	-	127,086	(127,086)	-	-	
V08	1200399	Carlsbad Hydrologic Unit 2	-	48,626	(48,626)	-	-	
V08	1201301	Brachypodium Phase 2	-	43,634	(43,634)	-	-	
V08	1201302	SDNWR: Mother Miguel Mountai	-	5,739	(5,739)	-	-	
V08	1201303	South San Diego County Community 3	-	36,289	(36,289)	-	-	
V08	1201304	Furby-North Preserve	-	75,109	(75,109)	-	-	
V08	1201305	Otay River Valley and Salt Creek Cactus Wren 3	-	45,802	(45,802)	-	-	
V08	1201307	Quino Habitat Restoration	-	17,711	(17,711)	-	-	
V08	1201309	Cactus Wren 2017	-	5,853	(5,853)	-	-	
V08	1201310	Vernal Pool Restoration	-	35,533	(35,533)	-	-	
V08	1201311	Bernardo Bay Cactus Wren	-	13,000	(13,000)	-	-	
V08	1201313	Riparian Restoration	-	5,599	(5,599)	-	-	
V08	1201314	Veldt Grass Removal	-	10,636	(10,636)	-	-	
V08	1201315	Pallid Bat	-	7,242	(7,242)	-	-	
		Subtotal V08	-	635,415	(635,415)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		V08 balance carried forward	\$ -	\$ 635,415	\$ (635,415)	\$ -	\$ -	
V08	1201316	Silverwood Wildlife	-	13,119	(13,119)	-	-	
V08	1201317	San Diego River Channel	-	9,181	(9,181)	-	-	
V08	1201318	Native Seed Bank	-	24,771	(24,771)	-	-	
V08	1201321	North County Dunes 2	-	2,706	(2,706)	-	-	
		Total V08	-	49,777	(49,777)	-	-	
		Total Regional EMP - Pass-Through	-	7,553,492	(7,553,492)	-	-	
		EMP:						
V07	12002xx	Biological Mitigation	-	10,881,758	(10,881,758)	-	-	
V08	12003xx/ 12013xx	Regional Habitat Conservation Fund	-	3,953,201	(3,953,201)	-	-	
		Total EMP	-	14,834,959	(14,834,959)	-	-	
		Bus Rapid Transit (BRT)/Rail Operations:						
SAN80	3310700	<i>TransNet</i> Major Transit Corridor Operations	-	8,507	(8,507)	-	-	
		Total BRT/Rail Operations	-	8,507	(8,507)	-	-	
		Major Corridor - Pass-Through:						
CAL09	1200501	I-5 North Coast	-	409,000	(409,000)	-	-	
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	16,211,719	(16,211,719)	-	-	
		Total CAL09	-	16,620,719	(16,620,719)	-	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV lanes	-	168,339	(168,339)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	612,000	(612,000)	-	-	
CAL18	1201502	I-15 Managed Lanes (Middle)	-	(3,042)	3,042	-	-	(c)
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	6,660	(6,660)	-	-	
		Subtotal Major Corridor - Pass-Through	-	17,404,676	(17,404,676)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet Extension Activities

Schedule of Status of Funds by Project (Continued)

Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		Major Corridor - Pass-Through balance carried forward	\$ -	\$ 17,404,676	\$ (17,404,676)	\$ -	\$ -	
CAL18B	1201501	I-15 Managed Lanes - South Segment	-	136,042	(136,042)	-	-	
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	-	380,600	(380,600)	-	-	
		Total CAL18B	-	516,642	(516,642)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	(77,781)	77,781	-	-	(c)
CAL29	1207602	SR 76 Middle	-	(193,627)	193,627	-	-	(c)
CAL29B	1207606	SR 76 East	-	7,789,000	(7,789,000)	-	-	
CAL38	1390501	SR 905 New Freeway	-	2,719	(2,719)	-	-	
CAL67	1280508	State Route 94 Corridor Improvements	-	38,000	(38,000)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	1,771,000	(1,771,000)	-	-	
CAL77	1200505	I-5/I-8 Connector	-	(44,961)	44,961	-	-	(c)
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	580,000	(580,000)	-	-	
CAL278	1207801	SR78 HOV/Managed Lanes	-	130,000	(130,000)	-	-	
CAL78C	1280510	I-805 South: 2 HOV and DAR	-	2,313,000	(2,313,000)	-	-	
CAL78C	1280514	I-805/SR15 Interchange	-	(15,329)	15,329	-	-	(c)
		Total CAL78C	-	2,297,671	(2,297,671)	-	-	
CAL114	1200503	I-5/SR 56 Interchange	-	53,000	(53,000)	-	-	
CAL120	1201510	SR-78 Auxiliary Lanes & Nordahl Road Bridge at SR-78	-	98,000	(98,000)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		Major Corridor - Pass-Through balance carried forward	\$ -	\$ 30,364,339	\$ (30,364,339)	\$ -	\$ -	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	25,000	(25,000)	-	-	
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	2,547,000	(2,547,000)	-	-	
SAN47	1280504	South Bay BRT	-	188,000	(188,000)	-	-	
SAN73	1239806	San Elijo Lagoon Double Track	-	900,000	(900,000)	-	-	
SAN146	1280512	I-805 Imperial BRT Station	-	39,300	(39,300)	-	-	
SAN183	1239816	Batiquitos Lagoon Double Track	-	655,365	(655,365)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	8,000	(8,000)	-	-	
V18	1200507	I-5/Voigt Drive Improvements	-	480,000	(480,000)	-	-	
		Total Major Corridor - Pass-Through	-	35,207,004	(35,207,004)	-	-	
		Major Corridor:						
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	4,102,124	(4,102,124)	-	-	
CAL09	1200501	I-5 North Coast	-	5,890	(5,890)	-	-	
CAL09	3310701	TDM Planning Studies	-	25,000	(25,000)	-	-	
CAL09	3310708	TDM North Coast Corridor	-	129,805	(129,805)	-	-	
		Total CAL09	-	4,262,819	(4,262,819)	-	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV lanes	-	1,543	(1,543)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	23,808	(23,808)	-	-	
CAL18	1201502	I-15 Managed Lanes (Middle)	-	2,970	(2,970)	-	-	
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	5,572	(5,572)	-	-	
CAL18B	1201501	I-15 Managed Lanes - South Segment	-	2,217	(2,217)	-	-	
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	-	(1,163,169)	1,163,169	-	-	(d)
CAL18B	1201518	I-15 Mira Mesa Transit Station Parking Structure	-	5,990,124	(5,990,124)	-	-	(d)
		Total CAL18B	-	4,829,172	(4,829,172)	-	-	
		Subtotal Major Corridor	-	9,125,884	(9,125,884)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		Major Corridor balance carried forward	\$ -	\$ 9,125,884	\$ (9,125,884)	\$ -	\$ -	
CAL26	1205203	State Route 52 Freeway (E&F)	-	40	(40)	-	-	
CAL29	1207602	SR 76 Middle	-	2,176	(2,176)	-	-	
CAL29B	1207606	SR 76 East	-	372,231	(372,231)	-	-	
CAL67	1280508	State Route 94 Corridor Improvements	-	4,720	(4,720)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	520,446	(520,446)	-	-	
CAL77	1200505	I-5/I-8 Connector	-	628	(628)	-	-	
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	238,540	(238,540)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	439,646	(439,646)	-	-	
CAL78C	1280515	I-805 S Soundwalls	-	10,219	(10,219)	-	-	
		Total CAL78C	-	449,865	(449,865)	-	-	
CAL114	1200503	I-5/SR 56 Interchange	-	3,217	(3,217)	-	-	
CAL120	1201510	SR-78 Auxiliary Lanes & Nordahl Road Bridge at SR-78	-	503	(503)	-	-	
CAL278	1207801	SR78 HOV/Managed Lanes	-	450	(450)	-	-	
CAL325	1390504	State Routes 905/125/11 Northbound Connectors	-	746	(746)	-	-	
SAN04	1201504	I-15 FasTrak®	-	228,632	(228,632)	-	-	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	163,752,988	(163,752,988)	-	-	
		Subtotal Major Corridor	-	174,701,066	(174,701,066)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		Major Corridor balance carried forward	\$ -	\$ 174,701,066	\$ (174,701,066)	\$ -	\$ -	
SAN26B	1201509	Downtown BRT Stations	-	3,142,126	(3,142,126)	-	-	
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	6,874,843	(6,874,843)	-	-	
SAN27	1300601	San Ysidro Intermodal Freight Facility	-	114,030	(114,030)	-	-	
SAN27	1300602	South Line Rail Freight Capacity	-	926,050	(926,050)	-	-	
		Total SAN27	-	1,040,080	(1,040,080)	-	-	
SAN29	1239801	Sorrento to Miramar Double Track/Realign	-	210,312	(210,312)	-	-	
SAN29	1239812	Sorrento to Miramar Phase 2	-	59,268	(59,268)	-	-	
		Total SAN29	-	269,580	(269,580)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	-	284,234	(284,234)	-	-	
SAN46	1041502	Super Loop	-	634,748	(634,748)	-	-	
SAN47	1280504	South Bay BRT	-	20,772,879	(20,772,879)	-	-	
SAN54	2301500	Multimodal TSM/TDM Model Tool	-	198,251	(198,251)	-	-	
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	-	19,754	(19,754)	-	-	
SAN54	3311000	ITS Operations	-	609,826	(609,826)	-	-	
SAN54	3311100	Regional ITS Program Management	-	321,365	(321,365)	-	-	
SAN54	3311800	Connected Vehicle Development Program	-	101,781	(101,781)	-	-	
SAN54	3330700	TSM-Integrated Corridor Management Program	-	16,192	(16,192)	-	-	
		Total SAN54	-	1,267,169	(1,267,169)	-	-	
SAN64	1239809	Eastbrook to Shell Double Track	-	1,682	(1,682)	-	-	
		Subtotal Major Corridor	-	208,988,407	(208,988,407)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		Major Corridor balance carried forward	\$ -	\$ 208,988,407	\$ (208,988,407)	\$ -	\$ -	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	4,140,727	(4,140,727)	-	-	
SAN73	3310701	TDM-Planning Studies	-	25,000	(25,000)	-	-	
SAN73	3310708	TDM - North Coast Corridor	-	129,804	(129,804)	-	-	
		Total SAN73	-	4,295,531	(4,295,531)	-	-	
SAN73A	1239817	Chesterfield Drive Crossing Improvements	-	85,138	(85,138)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	952,245	(952,245)	-	-	
SAN79	1142500	Centralized Train Control (CTC)	-	62,396	(62,396)	-	-	
SAN94	1144601	I-15 Integrated Corridor Management Project (ICM)	-	115,736	(115,736)	-	-	
SAN116	1239803	Oceanside Station Pass Through Track	-	12,925,230	(12,925,230)	-	-	
SAN117	1239805	Poinsettia Station Improvements	-	77,696	(77,696)	-	-	
SAN119	1239807	Sorrento Valley Double Track	-	1,551,856	(1,551,856)	-	-	
SAN123	1143200	University Town Center (UTC) Transit Center	-	668,963	(668,963)	-	-	
SAN129	1201514	Downtown Multiuse and Bus Stopover Facility	-	1,153,550	(1,153,550)	-	-	
SAN130	1239810	Carlsbad Village Double Track	-	88,685	(88,685)	-	-	
SAN131	1201511	Mira Mesa Blvd. Bus Rapid Transit Priority Treatments	-	138,055	(138,055)	-	-	
SAN132	1239811	Elvira to Morena Double Track	-	5,497,515	(5,497,515)	-	-	
SAN133	1201513	South Bay BRT Maintenance Facility	-	71,540	(71,540)	-	-	
		Subtotal Major Corridor	-	236,672,543	(236,672,543)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Project Status July 1, 2016	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2017	Notes
		Major Corridor balance carried forward	\$ -	\$ 236,672,543	\$ (236,672,543)	\$ -	\$ -	
SAN146	1280512	I-805 Imperial BRT Station	-	15,556	(15,556)	-	-	
SAN149	1239814	Coaster PE	-	57,718	(57,718)	-	-	
SAN171	1210020	BL Crossovers & Signals	-	43,335	(43,335)	-	-	
SAN172	1210030	BL Station Rehabilitation	-	1,402,653	(1,402,653)	-	-	
SAN173	1210040	BL Rail Infrastructure	-	393,606	(393,606)	-	-	
SAN174	1210050	BL Communications Upgrades	-	21,106	(21,106)	-	-	
SAN176	1210070	System Station Platforms	-	6,089	(6,089)	-	-	
SAN182	1239815	San Diego River Bridge	-	3,696,071	(3,696,071)	-	-	
SAN183	1239816	Batiquitos Lagoon Double Track	-	2,220,711	(2,220,711)	-	-	
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	-	522,342	(522,342)	-	-	
SAN212	1201517	BRT Wi-Fi Phase 1	-	27,738	(27,738)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	110,543	(110,543)	-	-	
V11	1201101	State Route 11	-	2,026,007	(2,026,007)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	2,367,316	(2,367,316)	-	-	
V18	1200507	I-5/Voigt Drive Improvements	-	769,141	(769,141)	-	-	
		Total Major Corridor	-	250,352,475	(250,352,475)	-	-	
		Total <i>TransNet</i> Extension	\$ -	\$ 327,454,238	\$ (327,454,238)	\$ -	\$ -	

Notes:

- (a) FY17 negative expenditure due to reversal of prior year accrual.
- (b) *TransNet* funds were returned in FY17 due to other funding received for prior year expenditures.
- (c) A transfer was made to move expenditures from *TransNet* funds to other funds to balance the budget of each. See Caltrans audit for more detail.
- (d) Transferred prior year expenditures from 1201506 to new project 1201518.

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
TransNet Extension:					
Administration:					
		SANDAG 1% Administration	\$ 22,330,308	\$ (22,330,308)	\$ -
		Total Administration	22,330,308	(22,330,308)	-
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through:					
CAL330	1223014	SR-15 Commuter Bike Facility	1,748,309	(1,748,309)	-
CHV76	1223059	F Street Promenade Streetscape Master Plan	286,387	(286,387)	-
CNTY87	1223060	County of San Diego-Active Transportation Plan	472,027	(472,027)	-
ESC43	1223062	Escondido Creek Bikeway Missing Link	180,750	(180,750)	-
IB16	1223063	Bikeway Village Bayshore Bikeway Access Enhancement Project	1,800,000	(1,800,000)	-
NC20	1223064	Division Street Road Diet	875,000	(875,000)	-
NC21	1223065	Euclid Avenue Bicycle and Pedestrian Enhancements	425,000	(425,000)	-
O30	1223039	2 Year Education/Encouragement/Awareness Project	177,521	(177,521)	-
SB15	1223050	Solana Beach Comprehensive Active Transportation Strategies (CATS)	135,986	(135,986)	-
SD225	1223044	Linda Vista CATS	299,999	(299,999)	-
VISTA54	1224035	Paseo Santa Fe Phase II - (Congestion Relief)	1,100,136	(1,100,136)	-
		Total BPNS - Pass-Through	7,501,115	(7,501,115)	-
BPNS:					
CAL330	1223014	SR-15 Commuter Bike Facility	123,761	(123,761)	-
SAN40	3300100/ 3300200/ 3300300	Metropolitan Planning	157,000	(157,000)	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	123,999	(123,999)	-
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	700,435	(700,435)	-
SAN153	1223023	The Inland Rail Trail	7,310,771	(7,310,771)	-
SAN154	1129900	Bayshore Bikeway Segment 8B	620,916	(620,916)	-
SAN155	1223016	Coastal Rail Trail - Rose Creek	1,845,088	(1,845,088)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	861,063	(861,063)	-
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	1,405,801	(1,405,801)	-
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	4,585,387	(4,585,387)	-
SAN161	1144500	Sweetwater Bikeway - Plaza Bonita Segment	148,300	(148,300)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	1,180,842	(1,180,842)	-
		Subtotal BPNS	19,063,363	(19,063,363)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
		BNPS balance carried forward	\$ 19,063,363	\$ (19,063,363)	\$ -
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	380,657	(380,657)	-
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	351,196	(351,196)	-
SAN203	1223056	San Ysidro to IB Parkway	149,345	(149,345)	-
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	265,257	(265,257)	-
SAN205	1223057	NP to Downtown/Balboa Bikeway	782,316	(782,316)	-
SAN206	1223058	Southeast to Downtown Bikeway	799,176	(799,176)	-
SAN207	1223018	Coastal Rail Trail Encinitas: Chesterfield Dr to Solana Beach	3,566	(3,566)	-
SAN229	1223078	North Park/Mid-City Bikeways: Landis Bikeway	350,486	(350,486)	-
SAN230	1223079	North Park/Mid-City Bikeways: Howard-Orange Bikeway	77,172	(77,172)	-
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	44,821	(44,821)	-
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	861,457	(861,457)	-
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	381,013	(381,013)	-
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	7,462	(7,462)	-
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	325	(325)	-
SAN237	1223086	Uptown Bikeways: Uptown Bikeways: Park Boulevard Bikeway	491	(491)	-
SAN238	1223080	North Park/Mid-City Bikeways Monroe Bikeway	50,316	(50,316)	-
		Total BPNS	23,568,419	(23,568,419)	-
		Senior Services - Pass-Through:			
COR20	1272200	Coronado Seniors Out and About Volunteer Driver Program	20,938	(20,938.00)	-
LAM27	1270400	La Mesa - Rides4Neighbors	1,057,348	(1,057,348)	-
O21	1270500	Oceanside - Solutions for Seniors on the Go	835,456	(835,456)	-
O34	1270500	Oceanside - Senior Shuttle Program	443,648	(443,648)	-
SAN70	1271800	On the Go (Eastern San Diego)	190,955	(190,955)	-
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and Smiles	566,474	(566,474)	-
		Total SAN70	757,429	(757,429)	-
		Subtotal Senior Services - Pass-Through	3,114,819	(3,114,819)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
		Senior Services - Pass-Through balance carried forward	\$ 3,114,819	\$ (3,114,819)	\$ -
SAN87	1270700	Elderhelp - Volunteer Driver Program	752,004	(752,004)	-
SAN89	1270900	Independent Transportation Network San Diego	306,669	(306,669)	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	291,626	(291,626)	-
SAN92	1271300	Travelers Aid Society - SeniorRide	860,568	(860,568)	-
SAN139	1271500	FACT MedAccessRide	64,862	(64,862)	-
SAN140	1270800	FACT MedRide	388,233	(388,233)	-
SAN141	1271000	Jewish Family Services	928,710	(928,710)	-
SAN168	1271900	FACT Mobility Management	378,655	(378,655)	-
SAN185	1270800	FACT - Ride FACT	317,860	(317,860)	-
SAN194	1272100	Mountain Health and Community	136,476	(136,476)	-
SAN219	1272400	ITN Greater San Diego	56,057	(56,057)	-
SM57	1272300	On the Move Transportation Program	34,992	(34,992)	-
VISTA44	1270600	City of Vista - Out and About	480,222	(480,222)	-
		Total Senior Services - Pass-Through	8,111,753	(8,111,753)	-
		Senior Services:			
SAN40	3320100	Short Range Transit Svc Activities	336,000	(336,000)	-
		Total Senior Services	336,000	(336,000)	-
		Smart Growth - Pass-Through:			
EL33	1224039	El Cajon Transit Center Transit-Supportive Land Use and Mobility Plan	234,621	(234,621)	-
ESC44	1224034	Escondido Transit Center Active Transportation Connections	171,838	(171,838)	-
IB17	1224042	Palm Avenue Mixed-Use and Commercial Corridor Master Plan-Rainbow to Delaware Construction Drawings	52,715	(52,715)	-
LAM47	1224036	North Spring Street Smart Growth Corridor	46,230	(46,230)	-
LG21	1224019	Main Street Promenade Extension Planning Project	399,999	(399,999)	-
LG22	1224032	Lemon Grove Avenue Realignment Project (SGIP)	139,518	(139,518)	-
LG23	1224041	Broadway Downtown Village Specific (DVSP) Expansion	149,629	(149,629)	-
NC23	1224030	Westside Mobility Improvement Project	174,076	(174,076)	-
NC24	1224037	Downtown Specific Plan Update	292,583	(292,583)	-
NC25	1224028	Downtown-Westwide Wayfinding and Community Gateways	239,263	(239,263)	-
		Subtotal Smart Growth - Pass-Through	1,900,472	(1,900,472)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
		Senior Services - Pass-Through balance carried forward	\$ 1,900,472	\$ (1,900,472)	\$ -
O42	1224029	Seagaze Drive Downtown Mobility Project	34,710	(34,710)	-
SD227	1224021	Morena Blvd Station Area Study Phase 2	277,668	(277,668)	-
SD228	1224022	The Complete Boulevard Planning Study	171,584	(171,584)	-
SD229	1224023	Island Ave. Green Street Mobility Improvements	972,253	(972,253)	-
SD238	1224033	San Ysidro Wayfinding Signs	84,500	(84,500)	-
SD239	1224038	Grantville Trolley Station/Alvarado Creek Enhancement Project	287,466	(287,466)	-
SD240	1224040	6th Avenue Bridge Promenade Feasibility and Conceptual Design	25,271	(25,271)	-
SD241	1224043	Pacific Beach Greenways, Parks and Transit	63,523	(63,523)	-
SD242	1224044	Kearny Mesa Smart Growth Employment Area Plan	105,000	(105,000)	-
SD243	1224031	14th Street Pedestrian Promenade Demonstration Block	120,999	(120,999)	-
VISTA54	1224035	Paseo Santa Fe Phase II	202,477	(202,477)	-
		Total Smart Growth - Pass-Through	4,245,923	(4,245,923)	-
		Smart Growth:			
SAN40	3300100	TransNet Smart Growth Incentive Program	190,000	(190,000)	-
		Total Smart Growth	190,000	(190,000)	-
		Local Street Improvements:			
CB44	3311002	Traffic Signal - Regional Arterial Management System (RAMS) - (Congestion Relief (CR))	46,800	(46,800)	-
CHV39	3311002	Traffic Signal System Optimization	77,500	(77,500)	-
CNTY81	3311002	Regional Traffic Signal Management - (CR)	50,000	(50,000)	-
EL06	3311002	Traffic Signals Project	48,500	(48,500)	-
ENC28	3311002	Traffic Signal Modifications	37,000	(37,000)	-
LAM46	3311002	RAMS - (CR)	22,200	(22,200)	-
NC04	3311002	Traffic Signal Install/Upgrade	40,000	(40,000)	-
O35	3311002	RAMS - (CR)	44,800	(44,800)	-
POW29	3311002	Citywide Traffic Signal Improvements - (CR)	29,200	(29,200)	-
SD16A	3311002	Traffic Signals Citywide - (CR)	270,400	(270,400)	-
SM54	3311002	Citywide Traffic Signals - (CR)	43,200	(43,200)	-
SNT20	3311002	Traffic Signals Citywide - (CR)	29,600	(29,600)	-
		Total Local Street Improvements	739,200	(739,200)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
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	54,213,185	(54,213,185)	-
V08	1200300	Regional Habitat Conservation Fund	49,142	(49,142)	-
V08	1200311	Gnatcatcher/Cactus Wren - Chula Vista	356,444	(356,444)	-
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	1200317	Monitoring Coordinator	37,540	(37,540)	-
V08	1200318	Vegetation Mapping	12,929	(12,929)	-
V08	1200319	Vegetation and Landscape Monitoring	159,936	(159,936)	-
V08	1200326	SD County Salt Creek Recovery	106,604	(106,604)	-
V08	1200329	GIS Support	131,322	(131,322)	-
V08	1200330	Enforcement	59,595	(59,595)	-
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	1200342	Preserve Level Management Plan Standardization	68,995	(68,995)	-
V08	1200343	Other Species Monitoring	15,301	(15,301)	-
V08	1200350	Administrative and Science Support	200,275	(200,275)	-
V08	1200351	Lakeside Linkage	173,436	(173,436)	-
V08	1200355	Invasive Animal Species Management	571,024	(571,024)	-
V08	1200357	Database Support	105,771	(105,771)	-
V08	1200358	Carlsbad Hydrologic Unit	194,451	(194,451)	-
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	1200384	Dehesa Nolina and Dudleya	114,810	(114,810)	-
V08	1200385	San Diego Thornmint and Quino Checkerspot Butterfly	108,433	(108,433)	-
V08	1200386	California Least Tern	58,465	(58,465)	-
V08	1200387	Cactus Wren	62,935	(62,935)	-
V08	1200394	Cactus Wren 2015	103,464	(103,464)	-
		Subtotal V08	3,417,560	(3,417,560)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
		V08 balance carried forward	\$ 3,417,560	\$ (3,417,560)	\$ -
V08	1200395	Nuttall's Lotus	74,217	(74,217)	-
V08	1200396	Otay River Valley Cactus Wren	45,463	(45,463)	-
V08	1200397	San Luis Rey, Santa Margarita, and San Dieguito Watersheds	166,668	(166,668)	-
V08	1200399	Carlsbad Hydrologic Unit 2	76,938	(76,938)	-
V08	1201301	Brachypodium Phase 2	73,974	(73,974)	-
V08	1201302	SDNWR: Mother Miguel Mountai	5,739	(5,739)	-
V08	1201303	South San Diego County Community 3	147,821	(147,821)	-
V08	1201304	Furby-North Preserve	76,860	(76,860)	-
V08	1201305	Otay River Valley and Salt Creek Cactus Wren 3	133,006	(133,006)	-
V08	1201307	Quino Habitat Restoration	17,711	(17,711)	-
V08	1201309	Cactus Wren 2017	5,853	(5,853)	-
V08	1201310	Vernal Pool Restoration	35,533	(35,533)	-
V08	1201311	Bernardo Bay Cactus Wren	13,000	(13,000)	-
V08	1201313	Riparian Restoration	5,599	(5,599)	-
V08	1201314	Veldt Grass Removal	10,636	(10,636)	-
V08	1201315	Pallid Bat	7,242	(7,242)	-
V08	1201316	Silverwood Wildlife	13,119	(13,119)	-
V08	1201317	San Diego River Channel	9,181	(9,181)	-
V08	1201318	Native Seed Bank	24,771	(24,771)	-
V08	1201321	North County Dunes 2	2,706	(2,706)	-
		Total V08	<u>6,139,506</u>	<u>(6,139,506)</u>	-
		Total Regional EMP - Pass-Through	<u>74,631,691</u>	<u>(74,631,691)</u>	-
		EMP:			
V07	12002xx	Biological Mitigation	133,129,019	(133,129,019)	-
V08	12003xx/ 12001xx	Regional Habitat Conservation Fund	<u>17,961,797</u>	<u>(17,961,797)</u>	-
		Total EMP	<u>151,090,816</u>	<u>(151,090,816)</u>	-
		Bus Rapid Transit (BRT)/Rail Operations			
SAN80	3310700	<i>TransNet</i> Major Transit Corridor Operations	<u>23,753</u>	<u>(23,753)</u>	-
		Total BRT/Rail Operations	<u>23,753</u>	<u>(23,753)</u>	-

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
Major Corridor - Pass-Through:					
CAL09	1200501	I-5 North Coast	14,544,450	(14,544,450)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	95,668,719	(95,668,719)	-
		Total CAL09	<u>110,213,169</u>	<u>(110,213,169)</u>	-
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	22,061,794	(22,061,794)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	26,504,100	(26,504,100)	-
CAL18	1201502	I-15 Managed Lanes-Middle Segment	6,301,259	(6,301,259)	-
CAL18A	1201503	I-15 Managed Lanes-North Segment	31,221,013	(31,221,013)	-
CAL18B	1201501	I-15 Managed Lanes - South Segment	26,321,922	(26,321,922)	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	22,096,830	(22,096,830)	-
		Total CAL18B	<u>48,418,752</u>	<u>(48,418,752)</u>	-
CAL26	1205203	State Route 52 Freeway (E&F)	58,951,087	(58,951,087)	-
CAL29	1207602	SR 76 Middle	41,494,635	(41,494,635)	-
CAL29B	1207606	SR 76 East	45,638,143	(45,638,143)	-
CAL38	1390501	SR-905 New Freeway	855,000	(855,000)	-
CAL67	1280508	SR 94 Widening	7,760,000	(7,760,000)	-
CAL68	1212501	SR 94/125 Southbound to Eastbound Connector	894,000	(894,000)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	5,526,000	(5,526,000)	-
CAL77	1200505	I-5/I-8 Connector	1,455,039	(1,455,039)	-
		Subtotal Major Corridor - Pass-Through	<u>407,293,991</u>	<u>(407,293,991)</u>	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
		Major Corridor - Pass-Through balance carried forward	\$ 407,293,991	\$ (407,293,991)	\$ -
CAL78B	1280511	I-805 North: 2HOV	2,040,000	(2,040,000)	-
CAL78C	1280510	I-805 South: 2 HOV and DAR	88,590,078	(88,590,078)	-
CAL78C	1280514	I-805/SR15 Interchange	14,540,059	(14,540,059)	-
CAL78C	1280515	I-805 S Soundwalls	909,000	(909,000)	-
		Total CAL78C	104,039,137	(104,039,137)	-
CAL114	1200503	I-5/SR56 Interchange	207,000	(207,000)	-
CAL120	1201510	SR 78 Auxiliary Lanes	6,277,475	(6,277,475)	-
CAL277	1207802	I-15/SR-78 HOV Connectors	411,031	(411,031)	-
CAL278	1207801	SR78 HOV/Managed Lanes	278,000	(278,000)	-
CAL325	1390504	State Routes 905/125/11 Connectors	2,620,719	(2,620,719)	-
CAL369/ V18	1200507	I-5/Voigt Drive Direct Access Ramp	110,000	(110,000)	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	500,856	(500,856)	-
SAN23	1257001	Mid-Coast LRT Corridor Project	25,000	(25,000)	-
SAN26	1201505	I-15 BRT Transit Stations	717,649	(717,649)	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	9,162,700	(9,162,700)	-
SAN47	1280504	South Bay BRT	2,781,423	(2,781,423)	-
SAN73	1239806	San Elijo Lagoon Double Track	900,000	(900,000)	-
		Subtotal Major Corridor - Pass-Through	537,364,981	(537,364,981)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
		Major Corridor - Pass-Through balance carried forward	\$ 537,364,981	\$ (537,364,981)	\$ -
SAN146	1280512	I-805 Imperial BRT Station	194,100	(194,100)	-
SAN183	1239816	Batiquitos Lagoon Double Track	655,365	(655,365)	-
V15	1200508	I-5 Gilman Drive Bridge	8,000	(8,000)	-
V18	1200507	I-5 Voigt Drive Improvements	480,000	(480,000)	-
		Total Major Corridor - Pass-Through	538,702,446	(538,702,446)	-
		Major Corridor:			
CAL09	1200501	I-5 North Coast	14,873,424	(14,873,424)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	17,934,082	(17,934,082)	-
CAL09	3310701	TDM - Planning Studies	25,000	(25,000)	-
CAL09	3310708	TDM - North Coast Corridor	759,872	(759,872)	-
		Total CAL09	33,592,378	(33,592,378)	-
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	1,985,891	(1,985,891)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	4,714,616	(4,714,616)	-
CAL18	1201502	I-15 Managed Lanes - Middle Segment	1,331,616	(1,331,616)	-
CAL18A	1201503	I-15 Managed Lanes - North Segment	20,150,645	(20,150,645)	-
CAL18B	1201501	I-15 Managed Lanes - South Segment	14,583,718	(14,583,718)	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	4,948,704	(4,948,704)	-
CAL18B	1201518	I-15 Mira Mesa TS Parking	5,990,124	(5,990,124)	-
		Total CAL18B	25,522,546	(25,522,546)	-
CAL26	1205203	State Route 52 Freeway (E&F)	16,938,718	(16,938,718)	-
CAL29	1207602	SR 76 Middle	9,995,291	(9,995,291)	-
		Subtotal Major Corridor	114,231,701	(114,231,701)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
		Major Corridor balance carried forward	\$ 114,231,701	\$ (114,231,701)	\$ -
CAL29B	1207606	SR 76 East	12,294,695	(12,294,695)	-
CAL38	1390501	SR-905 New Freeway	725,883	(725,883)	-
CAL67	1280508	SR-94 Widening	3,074,507	(3,074,507)	-
CAL68	1212501	SR-94-125 Widening	1,560,166	(1,560,166)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	4,727,385	(4,727,385)	-
CAL77	1200505	I-5/I-8 Connector	89,549	(89,549)	-
CAL78B	1280511	I-805 North: 2 HOV	2,554,313	(2,554,313)	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	8,951,762	(8,951,762)	-
CAL78C	1280514	I-805/SR15 Interchange	2,336,522	(2,336,522)	-
CAL78C	1280515	I-805 S Soundwalls	182,952	(182,952)	-
		Total CAL78C	11,471,236	(11,471,236)	-
CAL114	1200503	I-5/SR 56 Interchange	49,821	(49,821)	-
CAL120	1201510	SR 78 Auxiliary Lanes	1,365,285	(1,365,285)	-
CAL278	1207801	SR78 HOV/Managed Lanes	9,789	(9,789)	-
CAL325	1390504	State Routes 905/125/11 Connectors	79,127	(79,127)	-
CAL369/ V18	1200507	I-5/Voigt Drive Direct Access Ramp	3,043,541	(3,043,541)	-
CAL399	1200508	I-5/Gilman Drive Bridge	155,804	(155,804)	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	24,983,261	(24,983,261)	-
		Subtotal Major Corridor	180,416,063	(180,416,063)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
		Major Corridor balance carried forward	\$ 180,416,063	\$ (180,416,063)	\$ -
SAN23	1257001	Mid-Coast Corridor Transit Project	368,408,323	(368,408,323)	-
SAN26	1201505	I-15 BRT Transit Stations	8,000,686	(8,000,686)	-
SAN26B	1201509	Downtown BRT Stations	20,551,925	(20,551,925)	-
SAN26C	1201507	I-15 BRT Transit Stations - South	16,303,129	(16,303,129)	-
SAN27	1300601	San Ysidro Intermodal Freight Facility	3,990,991	(3,990,991)	-
SAN27	1300602	South Line Rail Freight Capacity	5,706,816	(5,706,816)	-
		Total SAN27	9,697,807	(9,697,807)	-
SAN29	1239801	Sorrento to Miramar Double Track/Realign	31,140,617	(31,140,617)	-
SAN29	1239812	Sorrento to Miramar Phase 2	2,350,950	(2,350,950)	-
		Total SAN29	33,491,567	(33,491,567)	-
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	2,450,231	(2,450,231)	-
SAN46	1041502	SuperLoop	30,055,683	(30,055,683)	-
SAN47	1280504	Otay BRT	48,314,876	(48,314,876)	-
SAN54	1144800	Regional Arterial Detection	141,772	(141,772)	-
SAN54	2301500	Multimodal TSM/TDM Model Tool	1,108,800	(1,108,800)	-
SAN54	3330700	TSM-Integrated Corridor Management Program	31,901	(31,901)	-
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	729,618	(729,618)	-
SAN54	3311000	ITS Operations	8,612,366	(8,612,366)	-
SAN54	3311100	Regional ITS Program Management	1,643,616	(1,643,616)	-
SAN54	3311800	Connected Vehicle Development Program	524,530	(524,530)	-
		Total SAN54	12,792,603	(12,792,603)	-
		Subtotal Major Corridor	730,482,893	(730,482,893)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
		Major Corridor - balance carried forward	\$ 730,482,893	\$ (730,482,893)	\$ -
SAN55	1143900	Bus & Fixed Guideway Support Equipment and Facilities	257,000	(257,000)	-
SAN64	1239809	Eastbrook to Shell Double Track	2,505,267	(2,505,267)	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	5,441,108	(5,441,108)	-
SAN73	3310701	TDM - Planning Studies	25,000	(25,000)	-
SAN73	3310708	TDM - North Coast Corridor	618,012	(618,012)	-
		Total SAN73	6,084,120	(6,084,120)	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	135,091	(135,091)	-
SAN78	1240001	Mid-City Rapid Bus	20,551,441	(20,551,441)	-
SAN79	1142500	Centralized Train Control	884,486	(884,486)	-
SAN94	1144601	I-15 Integrated Corridor Management	216,741	(216,741)	-
SAN116	1239803	Oceanside Station Stub Tracks	17,463,432	(17,463,432)	-
SAN117	1239805	Poinsettia Run Through Track	454,910	(454,910)	-
SAN119	1239807	Sorrento Valley Double Track	2,599,611	(2,599,611)	-
SAN123	1143200	University Town Center (UTC) Transit Center	1,117,396	(1,117,396)	-
SAN129	1201514	Downtown Layover Facility	2,717,878	(2,717,878)	-
SAN130	1239810	Carlsbad Village Double Track	2,267,394	(2,267,394)	-
SAN131	1201511	Mira Mesa Blvd. BRT Priority Treatments	3,386,992	(3,386,992)	-
		Subtotal Major Corridor	791,124,652	(791,124,652)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2017

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2017
		Major Corridor balance carried forward	\$ 791,124,652	\$ (791,124,652)	\$ -
SAN132	1239811	Elvira to Morena Double Track	12,001,318	(12,001,318)	-
SAN133	1201513	South Bay BRT Maintenance Facility	30,834,131	(30,834,131)	-
SAN146	1280512	I-805 Imperial BRT Station	1,210,750	(1,210,750)	-
SAN149	1239814	Coaster PE	950,164	(950,164)	-
SAN171	1210020	Blue Line Crossovers and Signals	10,395,927	(10,395,927)	-
SAN172	1210030	Blue Line Station Rehabilitation	31,993,522	(31,993,522)	-
SAN173	1210040	Blue Line Rail Infrastructure	14,693,483	(14,693,483)	-
SAN174	1210050	Blue Line Communications Upgrades	4,852,632	(4,852,632)	-
SAN176	1210070	System Station Platforms	26,698,160	(26,698,160)	-
SAN182	1239815	San Diego River Bridge	5,051,776	(5,051,776)	-
SAN183	1239816	Batiquitos Lagoon Double Track	2,985,305	(2,985,305)	-
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	1,328,346	(1,328,346)	-
SAN212	1201517	BRT Wi-Fi Phase 1	151,063	(151,063)	-
SAN224	1280513	I-805/SR 94 Bus on Shoulder Demonstration Project	210,766	(210,766)	-
V11	1201101	State Route 11	2,093,568	(2,093,568)	-
V15	1200508	I-5/Gilman Drive Bridge	2,367,316	(2,367,316)	-
V18	1200507	I-5/Voigt Drive Improvements	769,141	(769,141)	-
		Total Major Corridor	<u>939,712,020</u>	<u>(939,712,020)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>1,771,183,444</u>	<u>(1,771,183,444)</u>	<u>-</u>
		Completed Projects			
		Bike, Pedestrians & Neighborhood Safety (BPNS):	11,866,258	(11,866,258)	-
		Senior Services	2,565,871	(2,565,871)	-
		Smart Growth	16,110,889	(16,110,889)	-
		Transit Systems Improvement	11,000,000	(11,000,000)	-
		Local Street Improvements	3,271,619	(3,271,619)	-
		Regional Environmental Mitigation Program	9,437,119	(9,437,119)	-
		Major Corridor	<u>271,323,636</u>	<u>(271,323,636)</u>	<u>-</u>
		Total Completed Projects	<u>325,575,392</u>	<u>(325,575,392)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 2,096,758,836</u>	<u>\$ (2,096,758,836)</u>	<u>\$ -</u>