

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension
Activities

Year Ended June 30, 2025

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Year Ended June 30, 2025

	<u>Tab</u>
Independent Accountant's Summary of Results	1
Caltrans	2
City of Carlsbad	3
City of Chula Vista	4
City of Coronado	5
City of Del Mar	6
City of El Cajon	7
City of Encinitas	8
City of Escondido	9
City of Imperial Beach	10
City of La Mesa	11
City of Lemon Grove	12
City of National City	13
City of Oceanside	14
City of Poway	15
City of San Diego	16
City of San Marcos	17
City of Santee	18
City of Solana Beach	19
City of Vista	20
County of San Diego	21
Independent Taxpayer Oversight Committee	22
San Diego Metropolitan Transit System	23
North County Transit District	24
SANDAG	25

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2025

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2025

Table of Contents

	<u>Page</u>
Background	1
Scope of the Engagement	1
Results of Procedures:	
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	2
Maintenance of Effort (MOE)	3
SANDAG Board Policy No. 031, Rule #17, Section IV, Local Agency Balance Limitations (30% Rule)	3
Local Street Improvements – Congestion Relief vs. Maintenance	4
Local Street Improvements – Maintenance Monitoring	5
Indirect Cost Allocated to Projects in RTIP	5
Regional Transportation Congestion Improvement Program (RTCIP)	5
Transit Operator Eligibility for Receipt of Funds	6
Summary of Findings by Recipient Agency	7
Attachment A: Summary of 8 Major Compliance Components	8
Attachment B: Compliance with Maintenance of Effort Requirement	20
Attachment B-1: Maintenance of Effort Re-Indexing	21
Attachment C: Compliance with 30 Percent Fund Balance Limitation FY 2023 – FY 2025	22
Attachment D: Compliance with Allocation of Local Street Improvements Revenues	23
Attachment E: Local Street Improvements: Maintenance Monitoring	24
Attachment F: Indirect Costs Charged to <i>TransNet</i>	25

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2025

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, 2025. 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 agreed upon procedures are to be completed in a timely manner. The Policy recommends that the accountants issue a report of compliance results and present them to ITOC.

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

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

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

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2025

The procedures performed were approved by the ITOC prior to commencing fieldwork. The specific procedures performed, and the results of those procedures are included in each of the draft reports for the recipient agencies. The reports may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of the reports and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. Following approval of the procedures, we scheduled and performed our fieldwork during the months of September 2025 through February 2026.

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.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2025

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.

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, 2025. See Attachment B for a summary of compliance with the MOE requirements.

In addition, we performed the following procedures to re-index the MOE bases year as of June 30, 2024 to use for fiscal years 2027, 2028, and 2029 agreed-upon procedures for City of La Mesa and City of National City as their ACFRs were completed after the *TransNet* FY24 AUP finalization date.

- Calculated the growth rate in the construction price index from June 30, 2021 to June 30, 2024.
- Calculated the growth rate in the general fund revenues from June 30, 2021 to June 30, 2024.
- Selected the lowest growth rate and applied to the previously calculated MOE base year amount.

See Attachment B-1 for re-indexing of the MOE base year as of June 30, 2024.

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

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2025

equivalent, submits a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined.

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

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

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

Based upon the results of the procedures performed, all recipient agencies, except for City of Lemon Grove, were in compliance with the 30% Rule. See Attachment C for a summary of compliance with the 30% Rule.

Local Street Improvements – Congestion Relief vs. Maintenance

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

- Inquired and obtained source data used to calculate the Local Street Improvements Allocation Schedule in SANDAG's TTrak program (SANDAG's *TransNet* tracking program) and recalculated the total fund distribution per jurisdiction; and
- Reviewed the FY25 *TransNet* Streets and Road Fund Allocation Schedule and determined that at least 70% of the revenues provided for local street and road purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

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

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2025

Local Street Improvements: Maintenance Monitoring

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

Indirect Costs Allocated to Projects in RTIP

We inquired of management whether indirect costs are allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency or audited by a certified public accounting firm. If not, we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable. If indirect costs exceeded 10% of total *TransNet* expenditures, we documented an explanation. The City of San Diego and County of San Diego each exceeded 10%. See the Summary of Findings by Recipient Agency for further information. See Attachment F for the indirect costs allocated to the RTIP.

Regional Transportation Congestion Improvement Program (RTCIP)

In accordance with Section 9(A) of the *TransNet* Extension Ordinance and Expenditure Plan, each local agency in the San Diego region shall contribute a minimum of \$2,000, subject to an annual adjustment based upon an index, in exactions from the private sector, for each newly constructed 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 \$2,785.06 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.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2025

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

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

Based upon the results of the procedures performed, all recipient agencies, with the exception of the City of Encinitas and City of 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, 2024 and June 30, 2025;
- Calculated the increase in the CPI for San Diego County between June 30, 2024 and June 30, 2025; and
- Compared the increase in total operating cost per revenue vehicle hour for bus services, and revenue vehicle mile for rail services, to the increase in the CPI.

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

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2025

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 the approved exaction fee	The City has attempted to collect the under-collected amounts and has been unsuccessful. The City will record the uncollected fees as receivable in FY25 and will complete a General Fund transfer to cover the deficit once SANDAG passes the procedure to take this action.
City of National City	Need to use the approved exaction fee	Moving forward, TDIF fees will be verified for accuracy prior to issuance. Staff has been directed to manually verify all fee calculations before invoices are issued.

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

Summary of 8 Major Compliance Components

City of Carlsbad	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Chula Vista	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Coronado	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	No	No
Transit Operator Eligibility	n/a	n/a	n/a

City of Del Mar	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	No
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of El Cajon	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	No
Transit Operator Eligibility	n/a	n/a	n/a

City of Encinitas	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	No	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Escondido	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Imperial Beach	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of La Mesa	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	No
Transit Operator Eligibility	n/a	n/a	n/a

City of Lemon Grove	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	No	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of National City	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	No	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Oceanside	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Poway	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	No	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of San Diego	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of San Marcos	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Santee	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Solana Beach	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	No
Transit Operator Eligibility	n/a	n/a	n/a

City of Vista	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

Caltrans	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	No	Yes
RTCIP	n/a	n/a	n/a
Transit Operator Eligibility	n/a	n/a	n/a

County of San Diego	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	No	No
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

SANDAG	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	n/a	n/a	n/a
Transit Operator Eligibility	n/a	n/a	n/a

MTS	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	n/a	n/a	n/a
LSI – Maintenance Monitoring	n/a	n/a	n/a
Indirect Costs	Yes	Yes	Yes
RTCIP	n/a	n/a	n/a
Transit Operator Eligibility	Yes	Yes	Yes

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

NCTD	FY 2025	FY 2024	FY 2023
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	n/a	n/a	n/a
LSI – Maintenance Monitoring	n/a	n/a	n/a
Indirect Costs	Yes	Yes	Yes
RTCIP	n/a	n/a	n/a
Transit Operator Eligibility	Yes	Yes	Yes

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Compliance With Maintenance of Effort Requirement

Recipient Agency	Fiscal Year 2025				
	In Compliance	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	Deficit Amount
Carlsbad	Yes	\$4,250,218	—	—	—
Chula Vista	Yes	2,763,821	—	—	—
Coronado	Yes	620,164	—	—	—
Del Mar	Yes	379,643	17,493	—	—
El Cajon	Yes	1,165,357	—	—	—
Encinitas	Yes	1,436,353	—	—	—
Escondido	Yes	2,111,880	—	—	—
Imperial Beach	Yes	146,928	—	—	—
La Mesa	Yes	1,274,724	—	—	—
Lemon Grove	Yes	127,907	—	—	—
National City	Yes	1,278,879	—	—	—
Oceanside	Yes	1,965,970	—	—	—
Poway	Yes	836,358	—	—	—
San Diego	Yes	16,288,475	120,526	648,839	—
San Marcos	Yes	3,082,862	—	—	—
Santee	Yes	414,730	—	—	—
Solana Beach	Yes	337,419	—	—	—
Vista	Yes	1,703,119	—	—	—
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.

Maintenance of Effort Re-Indexing

	Previously approved MOE Base			Growth Rate		Adjusted MOE as of June 30, 2024		
	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	Jurisdiction Growth Rate	Construction Cost Index Growth rate	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies
La Mesa (1)	\$ 1,274,724	0	0	1.25	1.76	\$1,593,405	0	0
National City (1)	1,278,879	0	0	1.14	1.76	1,457,922	0	0

Note 1 – The reindex is computer as of June 30, 2024 and is reported in the June 30, 2025 report as it was not completed in the prior year as the City’s Annual Comprehensive Financial Report was unavailable until after the TransNet Agreed-Upon Procedures reports were finalized.

Compliance With 30 Percent Fund Balance Limitation FY 2023 – FY 2025

	Fiscal Year 2025				Fiscal Year 2024				Fiscal Year 2023			
Recipient Agency	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	S&R Balance	Excess Amount
Streets and Roads												
Carlsbad	Yes	1,471,665	(941,623)	–	Yes	1,453,271	219,917	–	Yes	1,477,093	653,397	–
Chula Vista	Yes	2,827,318	103,464	–	Yes	2,725,386	129,509	–	Yes	2,821,061	(480,229)	–
Coronado	Yes	242,328	7,180	–	Yes	239,226	(48,452)	–	Yes	242,680	107,341	–
Del Mar	Yes	81,465	3,491	–	Yes	39,851	3,390	–	Yes	42,619	3,285	–
El Cajon	Yes	1,057,362	111,661	–	Yes	1,055,606	(2,245,047)	–	Yes	1,059,124	(1,277,814)	–
Encinitas	Yes	707,453	(72,493)	–	Yes	701,079	4,758	–	Yes	728,255	142,498	–
Escondido	Yes	1,598,991	269,424	–	Yes	1,557,844	(1,599,920)	–	Yes	1,594,196	(321,770)	–
Imperial Beach	Yes	166,008	(360,379)	–	Yes	137,662	(416,827)	–	Yes	182,160	(109,219)	–
La Mesa	Yes	662,492	(1,477,694)	–	Yes	652,760	(931,155)	–	Yes	494,998	(94,884)	–
Lemon Grove	No	304,234	813,689	–	Yes	299,092	(262,555)	–	Yes	290,657	4,615	–
National City	Yes	587,604	(2,744,837)	–	Yes	603,594	(1,801,289)	–	Yes	603,110	(838,387)	–
Oceanside	Yes	1,887,460	(1,370,499)	–	Yes	1,864,451	(1,518,684)	–	Yes	1,927,938	(1,547,572)	–
Poway	Yes	624,428	27,285	–	Yes	619,489	(222,678)	–	Yes	622,290	(1,034,020)	–
San Diego, City	Yes	14,061,202	7,568,007	–	Yes	13,728,770	9,747,322	–	Yes	14,075,217	11,175,015	–
San Marcos	Yes	821,241	774,502	–	Yes	811,358	(2,084,765)	–	Yes	796,302	(784,208)	–
Santee	Yes	372,111	(94,153)	–	Yes	367,161	(104,213)	–	Yes	351,680	21,194	–
Solana Beach	Yes	120,995	1,702	–	Yes	120,119	1,702	–	Yes	113,953	1,702	–
Vista	Yes	991,260	(88,578)	–	Yes	988,250	236,147	–	Yes	1,009,302	(27,142)	–
County of San Diego	Yes	6,191,992	1,144,749	–	Yes	6,617,312	368,602	–	Yes	6,222,015	4,242,047	–
Transit												
Metropolitan Transit System (MTS)	Yes	13,552,697	–	–	Yes	13,545,417	–	–	Yes	13,680,714	–	–
North County Transit District (NCTD)	Yes	5,106,241	–	–	Yes	5,116,529	–	–	Yes	5,117,399	–	–

Yes = In Compliance

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

Compliance with Allocation of Local Street Improvements Revenues

Recipient Agency	Fiscal Year 2025		
	Allocation of Sales Tax Revenues Received	70% Congestion Relief Allocated	30% Maintenance Allocated
Carlsbad	\$4,905,549	\$3,433,884	\$1,471,665
Chula Vista	9,424,393	6,597,075	2,827,318
Coronado	807,760	565,432	242,328
Del Mar	271,551	190,086	81,465
El Cajon	3,524,540	2,467,178	1,057,362
Encinitas	2,358,176	1,650,723	707,453
Escondido	5,329,971	3,730,980	1,598,991
Imperial Beach	898,452	628,916	269,536
La Mesa	2,208,308	1,545,816	662,492
Lemon Grove	1,014,114	709,880	304,234
National City	1,958,679	1,371,075	587,604
Oceanside	6,291,533	4,404,073	1,887,460
Poway	2,081,426	1,456,998	624,428
San Diego, City	46,870,675	32,809,473	14,061,202
San Marcos	3,213,555	2,249,489	964,066
Santee	2,043,087	1,430,161	612,926
Solana Beach	565,479	395,835	169,644
Vista	3,304,199	2,312,939	991,260
County of San Diego	22,048,107	15,433,675	6,614,432

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	\$68,474,611	\$20,542,383	2,036,764	18,505,619	2.97%	Yes
Chula Vista	118,115,470	35,434,641	25,147,243	10,287,400	21.29%	Yes
Coronado	11,831,915	3,549,575	686,910	2,862,665	5.81%	Yes
Del Mar	8,063,649	2,419,095	463,270	1,955,825	5.75%	Yes
El Cajon	46,710,381	14,013,114	9,542,901	4,470,213	20.43%	Yes
Encinitas	34,476,578	10,342,973	1,117,046	9,225,927	3.24%	Yes
Escondido	75,023,040	22,506,912	19,622,065	2,884,847	26.15%	Yes
Imperial Beach	15,369,943	4,610,983	3,518,304	1,092,679	22.89%	Yes
La Mesa	35,999,775	10,799,933	5,924,465	4,875,468	16.46%	Yes
Lemon Grove	13,351,658	4,005,497	3,353,461	652,036	25.12%	Yes
National City	30,660,206	9,198,062	-	9,198,062	0.00%	Yes
Oceanside	96,495,960	28,948,788	16,336,983	12,611,805	16.93%	Yes
Poway	28,086,483	8,425,945	6,792,512	1,633,433	24.18%	Yes
San Diego, City	637,090,867	191,127,260	180,307,034	10,820,226	28.30%	Yes
San Marcos	57,699,924	17,309,977	4,260,676	13,049,301	7.38%	Yes
Santee	44,663,603	13,399,081	6,262,277	7,136,804	14.02%	Yes
Solana Beach	13,815,157	4,144,547	439,587	3,704,960	3.18%	Yes
Vista	45,796,337	13,738,901	9,592,528	4,146,373	20.95%	Yes
San Diego, County	298,817,520	89,645,256	11,901,835	77,743,421	3.98%	Yes

Indirect Costs Charged to *TransNet*

Recipient Agency	2025 Total <i>TransNet</i> Expenditures	2025 Indirect Costs Charged to <i>TransNet</i>	2025 Indirect Costs as a % of Total <i>TransNet</i> Expenditures	Last Allocation Plan Approval	2024 Indirect Costs as a % of Total <i>TransNet</i> Expenditures
Carlsbad	\$8,304,727	\$57,854	0.70%	2021 ^{1,3}	2.52%
Chula Vista	8,216,640	492,633	6.00%	2021 ³	7.22%
Coronado	1,118,237	0	0.00%	n/a	0.00%
Del Mar	60,000 ⁴	0	0.00%	n/a	0.00%
El Cajon	4,658,797	15,038	0.32%	n/a	0.22%
Encinitas	1,969,767	0	0.00%	n/a	0.00%
Escondido	5,488,729	243,776	4.44%	2024 ^{1,3}	4.35%
Imperial Beach	834,010 ⁴	0	0.00%	n/a	0.00%
La Mesa	2,379,861	0	0.00%	n/a	0.00%
Lemon Grove	2,318,638	90,467	3.90%	2019 ¹	9.56%
National City	2,236,198	0	0.00%	n/a	0.00%
Oceanside	3,927,992	91,122	2.32%	2025 ³	2.93%
Poway	2,543,535	0	0.00%	n/a	0.00%
San Diego, City	53,887,732	6,902,313	12.81%	2024 ³	10.96%
San Marcos	8,849,309 ⁴	0	0.00%	2023 ²	0.00%
Santee	1,483,305 ⁴	13,092	0.88%	2025 ³	0.78%
Solana Beach	210,000 ⁴	0	0.00%	n/a	0.00%
Vista	2,530,145	0	0.00%	n/a	0.00%
Caltrans	19,812,085	2,107,455	10.64%	2024 ²	5.63%
San Diego, County	5,673,526	1,094,798	19.30%	2025 ³	17.31%
SANDAG	75,005,949	5,786,526	7.71%	2024 ²	8.62%
MTS	95,789,390	135,074	0.14%	2025 ²	0.20%
NCTD	29,524,369	0	0.00%	n/a	0.00%

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

¹ – approved by City Council² – approved by federal cognizant agency³ – approved by Management or another individual within the agency⁴ – based on expenditure less debt service

CALTRANS

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the State of California Department of Transportation's (Caltrans' or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. Caltrans' management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by Caltrans with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

Results: 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	\$13,154,140
<i>TransNet</i> revenue recorded by Caltrans	<u>17,681,694</u>
Variance	<u>(\$4,527,554)</u>

The variance was a result of the following:

Paid by SANDAG in 2024 but received by Caltrans in 2025	(\$9,626,562)
Paid by SANDAG in 2025 but received by Caltrans in 2026	<u>5,099,008</u>
Variance	<u>(\$4,527,554)</u>

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

- i. We inspected the interest income reported on Schedule A and agreed to the Caltrans general ledger.

Results: This procedure is not applicable as there was no interest income reported on Schedule A.

- ii. We inspected 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 inspected 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 \$19,812,085. We selected \$5,931,382 (29.94%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e., payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

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

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a federal or state agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: Indirect costs are allocated to RTIP projects at a rate of 45.26% of direct labor costs from July 1, 2024 – June 30, 2025 associated with each project when the contributor is considered a self-help county. As of July 1, 2020, SB 848 was enacted which limits the Indirect Cost Rate Proposal (ICRP) rates for self-help counties. Caltrans' indirect cost plan has been reviewed by the State of California Department of Finance and the Federal Highway Administration as of July 31, 2024. The indirect cost plan is reviewed and updated by Caltrans on an annual basis. Caltrans allocated a total of \$2,107,455 of indirect costs in the RTIP resulting in 10.64% of indirect costs compared to total *TransNet* expenditures. In addition, CALTRANS ICRP rate of 44.53% was below the approved rate of 45.26%, therefore, they were within the approved rate threshold. Caltrans' methodology for allocating indirect costs appears reasonable.

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

Results: This procedure is not applicable as there were no adjustments made during FY25.

- 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 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 is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2026.

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

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

Results: CAL278, SAN47, SAN73, SAN73A, and SAN156 had no activity over the past two years. The status of the project has been added to Schedule A.

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

Results: SANDAG approved the inactive project on February 26, 2026.

- 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 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

Results: This procedure is not applicable as there were no adjustments reported in Schedule A.

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

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

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

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

Results: CALTRANS had one prior year finding related to the allocation of indirect costs to *TransNet* projects. There were several projects not set up correctly with SANDAG (*TransNet*) as a self-help county. This resulted in those projects allocated a higher Indirect Cost Rate Proposed (ICRP) rate. The ICRP rate allocated was 56.17%; however, it should have been 52.09%. A total of \$77,784.57 was

overallocated during FY24. This finding was resolved as CALTRANS adjusted the amount in FY25.

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

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on Caltrans' compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

“Current Fiscal Year” means the fiscal period of July 1, 2024, through June 30, 2025.

“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 Caltrans, which receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

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

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

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

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

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

“TransNet Extension Ordinance” means the 2004 Proposition A.

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

SCHEDULE A

CALTRANS TransNet and TransNet Extension Activities Schedule of Status of Funds by Project Year Ended June 30, 2025

MPO ID/ Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2025	Notes
TransNet:								
Highways:								
CAL26	Route 52	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	(a)
	Total Highways	13,864	-	-	-	-	13,864	
	Total TransNet	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	
TransNet Extension:								
Major Corridor:								
CAL09	I-5 North Coast	\$ 1,088,771	\$ 654,933	\$ -	\$ (1,823,497)	\$ -	\$ (79,793)	(b)
CAL09 C	I-805 HOV / Carroll Canyon DAR	-	-	-	-	-	-	(c)
CAL09 D	5/805 Conversion to Express	61,492	(61,492)	-	30,796	-	30,796	
CAL18B	Mira Mesa DAR and Bus Station	(14,643)	-	-	-	-	(14,643)	(d)
CAL29 B	SR 76 East	4,464,525	(4,462,912)	-	(13,096)	-	(11,483)	(e)
CAL38	SR-905 New Freeway	-	-	-	-	-	-	(c)
CAL67	SR-94 HOV	10,830	54,000	-	(61,294)	-	3,536	
CAL68	94/125 S to E Connector	100	516,130	-	(505,761)	-	10,469	
CAL75	I-5 Genesee	(1,266,239)	1,250,564	-	15,675	-	-	
CAL78 B	I-805 North	-	-	-	-	-	-	(c)
CAL78 C	I-805 South	1,966	(1,966)	-	-	-	-	
CAL78 D	I-805 South Soundwalls	(459,399)	3,147,625	-	(2,288,484)	-	399,742	
CAL114	I-5/56 Interchange	(47,521)	47,521	-	-	-	-	
CAL277	SR-78/I-15 Connectors	-	999,000	-	(1,167,612)	-	(168,612)	(d)(e)
CAL277A	SR78/I-5 Express Lanes	(340,482)	1,512,000	-	(1,525,957)	-	(354,439)	(d)
CAL278	SR-78 HOV / Managed Lanes	-	-	-	-	-	-	(f)
CAL 536	SR-52 Improvements/Transit Priority	-	-	-	(9,690)	-	(9,690)	(d)
CAL 538	SR-67 Improvements	1,472	-	-	-	-	1,472	
CAL 547	CML-6211 (155) Transit Connection	(2,300)	77,000	-	(67,400)	-	7,300	
CAL 550	CMCP--Coast, Canyons, Trails SR-52	-	-	-	-	-	-	(c)
CAL 571	I-805 Transit Priority Lanes (15 to 52)	(475,285)	2,209,000	-	(1,378,421)	-	355,294	
CAL 614	I-805 N Aux Lanes at Governor	-	674,000	-	(677,294)	-	(3,294)	(d)
CAL 633	805 S HOV Palomar to SR 94	-	300,000	-	(623,985)	-	(323,985)	(d)
SAN23	Mid-Coast LRT	(19,983)	-	-	-	-	(19,983)	(d)
SAN47	I-805 BRT	-	-	-	-	-	-	(g)
SAN73	San Elijo Lagoon Double Track	-	-	-	-	-	-	(g)
SAN73A	Chesterfield Dr Crossing	-	-	-	-	-	-	(g)
SAN 183	Batiquitos Lagoon Double Track	(245,856)	555,635	-	(345,661)	-	(35,882)	(d)
SAN224	I-805/SR-94 Bus on Shoulder Demonstration	-	-	-	-	-	-	
V-11	SR-11	(165,248)	166,000	-	-	-	752	
V-15	I-5 Gilman Dr Bridge	-	-	-	-	-	-	(c)
V-18	I-5 Voigt	-	-	-	-	-	-	(c)
1200100	Program Office	(569)	-	-	569	-	-	
	Total Major Corridor	\$ 2,591,631	\$ 7,637,038	\$ -	\$ (10,441,112)	\$ -	\$ (212,443)	

(Continued)

SCHEDULE A

CALTRANS TransNet and TransNet Extension Activities Schedule of Status of Funds by Project (Continued) Year Ended June 30, 2025

MPO ID/ Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2025	Notes
	Major Corridor Environmental: Mitigation Program (MC EMP):							
V-07	Mitigation Program	\$ (5,663,138)	\$ 10,044,656	\$ -	\$ (9,370,973)	\$ -	\$ (4,989,455)	(d)
	Total MC EMP	(5,663,138)	10,044,656	-	(9,370,973)	-	(4,989,455)	
	TransNet Bike, Pedestrian & Neighborhood Safety (BPNS) Program:							
SAN156	Coastal Rail Trail: E St to Chesterfield	185,712	-	-	-	-	185,712	(h)
	Total TransNet BPNS Program	185,712	-	-	-	-	185,712	
	Total TransNet Extension	\$ (2,885,795)	\$ 17,681,694	\$ -	\$ (19,812,085)	\$ -	\$ (5,016,186)	
	Total TransNet and TransNet Extension	\$ (2,871,931)	\$ 17,681,694	\$ -	\$ (19,812,085)	\$ -	\$ (5,002,322)	

Notes:

- (a) All projects related to CAL 26 in the TransNet Highway section are still in the final vouchering process and the goal is to complete it by FY 26.
- (b) MPO ID CAL09 has multiple projects under this project. Some projects still have ongoing construction, various stages of closeout phases, and closed out. Negative balances will be removed as projects are complete.
- (c) Project is completed.
- (d) Negative ending balance will be removed with the next invoice to SANDAG in FY26.
- (e) Project removed from completed section of Schedule B as a new phase is now being funded.
- (f) CALTRANS is currently in the process of expending federal funds and plans to begin in FY28.
- (g) Project is not currently active and is going through the pending close out process. There is an agreement with the MPO ID that includes other projects that need to be finalized together. The last project is currently complete and will be submitted for close out in FY27.
- (h) Project is still active and a new project has started under this MPO ID.

SCHEDULE B

CALTRANS TransNet Extension Activities Cumulative Schedule of Status of Funds by Project Year Ended June 30, 2025

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:					
Major Corridor:					
CAL09	I-5 North Coast	\$ 105,871,393	\$ -	\$ (105,951,186)	\$ (79,793)
CAL09 C	I-805 HOV / Carroll Canyon DAR	27,274,289	-	(27,274,289)	-
CAL09 D	5/805 Conversion to Express	278,508	-	(247,712)	30,796
CAL18 B	Mira Mesa DAR and Bus Station	-	-	(14,643)	(14,643)
CAL29 B	SR 76 East	44,438,583	-	(44,450,066)	(11,483)
CAL38	SR-905 New Freeway	612,440	-	(612,440)	-
CAL67	SR-94 HOV	8,335,707	-	(8,332,171)	3,536
CAL68	94/125 S to E Connector	940,209	-	(929,740)	10,469
CAL75	I-5 Genesee	14,417,881	-	(14,417,881)	-
CAL78 B	I-805 North	12,285,517	-	(12,285,517)	-
CAL78 C	I-805 South	135,808,248	-	(135,808,248)	-
CAL78 D	I-805 South Soundwalls	9,899,999	-	(9,500,257)	399,742
CAL114	I-5/56 Interchange	1,741,521	-	(1,741,521)	-
CAL277	SR-78/I-15 Connectors	1,810,031	-	(1,978,643)	(168,612)
CAL 277A	SR78/I-5 Express Lanes	4,699,523	-	(5,053,962)	(354,439)
CAL 278	SR-78 HOV / Managed Lanes	1,662,367	-	(1,662,367)	-
CAL 536	SR-52 Improvements/Transit Priority	-	-	(9,690)	(9,690)
CAL 538	SR-67 Improvements	12,000	-	(10,528)	1,472
CAL 547	CML-6211 (155) Transit Connection	77,000	-	(69,700)	7,300
CAL 550	CMCP--Coast, Canyons, Trails SR-52	(23,638)	-	23,638	-
CAL 571	I-805 Transit Priority Lanes (15 to 52)	2,411,000	-	(2,055,706)	355,294
CAL 614	I-805 N Aux Lanes at Governor	674,000	-	(677,294)	(3,294)
CAL 633	805 S HOV Palomar to SR 94	300,000	-	(623,985)	(323,985)
SAN23	Mid-Coast LRT	444,000	-	(463,983)	(19,983)
SAN47	I-805 BRT	2,939,727	-	(2,939,727)	-
SAN73	San Elijo Lagoon Double Track	7,786,582	-	(7,786,582)	-
SAN73A	Chesterfield Dr Crossing	3,154,106	-	(3,154,106)	-
SAN 183	Batiquitos Lagoon Double Track	1,211,000	-	(1,246,882)	(35,882)
SAN224	I-805/SR-94 Bus on Shoulder Demonstration	128,058	-	(128,058)	-
V-11	SR-11	2,097,235	-	(2,096,483)	752
V-15	I-5 Gilman Dr Bridge	130,921	-	(130,921)	-
V-18	I-5 Voigt	686,952	-	(686,952)	-
1200100	Program Office	221,956	-	(221,956)	-
Total Major Corridor		392,327,115	-	(392,539,558)	(212,443)

(Continued)

SCHEDULE B

CALTRANS

TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
<i>TransNet</i> Extension:					
MC EMP					
V-07	Mitigation Program	\$ 191,564,538	\$ -	\$ (196,553,993)	\$ (4,989,455)
	Total MC EMP	191,564,538	-	(196,553,993)	(4,989,455)
<i>TransNet</i> BPNS Program:					
SAN156	Coastal Rail Trail: E St to Chesterfield	4,786,000	-	(4,600,288)	185,712
	Total <i>TransNet</i> BPNS Program	4,786,000	-	(4,600,288)	185,712
	Subtotal Cumulative <i>TransNet</i> Extension	588,677,653	-	(593,693,839)	(5,016,186)
Completed Projects:					
	Major Corridor	273,154,992	-	(273,154,992)	-
	Mitigation Program (MC EMP)	14,279,000	-	(14,279,000)	-
	BPNS Program	2,905,773	-	(2,905,773)	-
	<i>TransNet</i> Local Program	3,093,119	-	(3,093,119)	-
	Total Completed Projects	293,432,884	-	(293,432,884)	-
	Total Cumulative <i>TransNet</i> Extension	\$ 882,110,537	\$ -	\$ (887,126,723)	\$ (5,016,186)

CITY OF CARLSBAD, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Carlsbad, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$8,304,727. We selected \$2,721,811 (32.77%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

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

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2025. The City allocates indirect costs to capital projects by using the employee's direct cost charged to a project and multiplying it by an allocation percentage of 116%, which was determined by a consultant. The City allocated a total of \$57,854 of indirect costs in the RTIP, resulting in 0.70% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA but has been approved by management and City Council during FY21. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We inspected 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, 2026.

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

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no transfer of *TransNet* funds from one project to another during FY25.

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$4,905,549
Less: debt service payment	<u>-</u>
Net estimated apportionment	4,905,549
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>1,471,665</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(3,517,388)
Maintenance fund balance	<u>2,575,765</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(941,623)</u>
Fund balance under apportionment	<u>\$2,413,288</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(3,517,388)	\$15,056,512	\$11,539,124
Maintenance	<u>2,575,765</u>	<u>15,416,838</u>	<u>17,992,603</u>
Totals	<u>\$(941,623)</u>	<u>\$30,473,350</u>	<u>\$29,531,727</u>

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

Results: The City has expended 2.97% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$33,276,257	\$11,058,981	\$44,335,238
Maintenance	4,589,825	13,729,180	18,319,005
Interest	<u>135,179</u>	<u>5,685,189</u>	<u>5,820,368</u>
 Total local street and road revenue	 <u>\$38,001,261</u>	 <u>\$30,473,350</u>	 <u>\$68,474,611</u>
 30% of total local street and road revenue			\$20,542,383
Less maintenance expenditures incurred to date			<u>(2,036,764)</u>
 Available maintenance funds			<u>\$18,505,619</u>
 Cumulative percentage expended for maintenance			<u>2.97%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

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

3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$15,201,325
Less MOE base year requirement	<u>(4,250,218)</u>
Excess MOE for the year ended June 30, 2025	<u>\$10,951,107</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$98,004. We selected \$26,608 (27.15%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures for the fiscal year ended June 30, 2025.

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

Results: This procedure is not applicable as RCTIP payroll amounts did not exceed the 20% threshold during FY25.

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

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 6, 2025.

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

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

- 14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"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, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
CB12	36364	College Rch A, Cannon Reach 4A	\$ 187,351	\$ -	\$ -	\$ -	\$ -	\$ 187,351	
CB20	60011	Pavement Management - Overlay	267,124	2,250,000	-	(6,668,858)	-	(4,151,734)	(a)
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	105,652	-	-	-	-	105,652	
CB36	60311	Carlsbad Blvd Realignment	9,310	5,000	-	(10,056)	51,362	55,616	(b)
CB43	60491	ADA Improvements	243,383	900,000	-	(367,258)	-	776,125	
CB46	60543	Terramar Area Coastal Improvements	(11,344)	30,000	-	(15,074)	-	3,582	
CB49	60751	Kelly and Park Dr. Street Improvements	(26,126)	30,000	-	(2,793)	-	1,081	
CB52	40152	Village/Barrio Traffic Circles	217,113	-	-	(41,711)	-	175,402	
CB53	60681	Carlsbad Blvd. Pedestrian Roadway Lighting	4,056	-	-	-	-	4,056	
CB59	60941	ECR Wid-SunnyCrk to Jackspar	(321,172)	700,000	-	(1,082,366)	-	(703,538)	(a)
CB62	40134	Barrio Street Lighting	(38,728)	125,000	-	(84,553)	-	1,719	
CB63	60193	Valley St. and Magnolia Ave Complete Streets	1	-	-	-	-	1	
Interest Income			18,743	-	8,556	-	-	27,299	
Total Congestion Relief			655,363	4,040,000	8,556	(8,272,669)	51,362	(3,517,388)	
Maintenance:									
CB21	60011	Pavement Management - Seal	-	2,560,000	-	-	-	2,560,000	
CB58	60622	Street Light Bulb Replacement Program	(443,478)	450,000	-	(2,456)	-	4,066	
Interest Income			8,032	-	3,667	-	-	11,699	
Total Maintenance			(435,446)	3,010,000	3,667	(2,456)	-	2,575,765	
Total Local Street Improvements			219,917	7,050,000	12,223	(8,275,125)	51,362	(941,623)	

(Continued)

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
Bikes and Pedestrian (BPNS):									
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	\$ (245,159)	\$ 222,904	\$ -	\$ (29,602)	\$ -	\$ (51,857)	(c)
		Total Bikes and Pedestrian (BPNS):	(245,159)	222,904	-	(29,602)	-	(51,857)	
		Total <i>TransNet</i> Extension	(25,242)	7,272,904	12,223	(8,304,727)	51,362	(993,480)	
		GASB 31 Fair Market Value Adjustment	(29,429)	-	7,932	-	-	(21,497)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	(54,671)	7,272,904	20,155	(8,304,727)	51,362	(1,014,977)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>	\$ (54,671)	\$ 7,272,904	\$ 20,155	\$ (8,304,727)	\$ 51,362	\$ (1,014,977)	

Notes:

- (a) The city will be drawing funds to clear negative balances in FY26.
- (b) Adjustment is due to expenses incorrectly allocated to this project over previous fiscal years. The city adjusted the current year cost to reallocate those expenditures to a non-*TransNet* funding source.
- (c) Negative balance for CB45 is due to 10% retention held by SANDAG on reimbursement requests. Retention will be released and paid by SANDAG at the completion of the project.

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
CB12	36364	College Rch A, Cannon Reach 4A	\$ 716,900	\$ -	\$ (529,549)	\$ 187,351
CB20	60011	Pavement Management - Overlay	12,856,709	18,059	(17,026,502)	(4,151,734)
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	582,000	1,790	(478,138)	105,652
CB36	60311	Carlsbad Blvd Realignment	3,165,135	14,529	(3,124,048)	55,616
CB43	60491	ADA Improvements	3,793,228	1,308	(3,018,411)	776,125
CB46	60543	Terramar Area Coastal Improvements	30,000	-	(26,418)	3,582
CB49	60751	Kelly and Park Dr. Street Improvements	826,000	991	(825,910)	1,081
CB52	40152	Adaptive Traffic Signal Program	937,000	50	(761,648)	175,402
CB53	60681	Village/Barrio Traffic Circles	65,000	1,628	(62,572)	4,056
CB59	60941	Carlsbad Blvd. Pedestrian Roadway Lighting	1,158,000	-	(1,861,538)	(703,538)
CB62	40134	ECR Wid-SunnyCrk to Jackspar	125,000	-	(123,281)	1,719
CB63	60193	Barrio Street Lighting	<u>1,200,000</u>	<u>-</u>	<u>(1,199,999)</u>	<u>1</u>
Interest Income			<u>-</u>	<u>27,299</u>	<u>-</u>	<u>27,299</u>
Total Congestion Relief			<u>25,454,972</u>	<u>65,654</u>	<u>(29,038,014)</u>	<u>(3,517,388)</u>
Maintenance:						
CB21	60011	Pavement Management - Seal	2,560,000	-	-	2,560,000
CB58	60622	Street Light Bulb Replacement Program	<u>1,745,000</u>	<u>10,988</u>	<u>(1,751,922)</u>	<u>4,066</u>
Interest Income			<u>-</u>	<u>11,699</u>	<u>-</u>	<u>11,699</u>
Total Maintenance			<u>4,305,000</u>	<u>22,687</u>	<u>(1,751,922)</u>	<u>2,575,765</u>
Total Local Street Improvements			<u>29,759,972</u>	<u>88,341</u>	<u>(30,789,936)</u>	<u>(941,623)</u>

(Continued)

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
		Bikes and Pedestrian (BPNS):				
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	\$ 541,222	\$ 114	\$ (593,193)	\$ (51,857)
		Total Bikes and Pedestrian (BPNS):	541,222	114	(593,193)	(51,857)
		Subtotal Cumulative <i>TransNet</i> Extension	30,301,194	88,455	(31,383,129)	(993,480)
		Completed Projects:				
		Congestion Relief	7,821,285	46,707	(7,867,992)	-
		Maintenance	284,825	17	(284,842)	-
		Bikes and Pedestrian	564,048	-	(564,048)	-
		Environmental Mitigation Grant	384,947	-	(384,947)	-
		Total Completed Projects	9,055,105	46,724	(9,101,829)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 39,356,299	\$ 135,179	\$ (40,484,958)	\$ (993,480)

SCHEDULE C

CITY OF CARLSBAD, CALIFORNIA

TransNet Extension Activities
RTCIP Fund
Year Ended June 30, 2025

Cumulative									
Project Year	Last Date to Spend funds	MPO ID	Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed	Cumulative Status	
								June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	CB04A	\$ 751,460	\$ -	\$ (751,460)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	CB04A	715,030	-	(715,030)	-	-	-	15,270
Year Ended June 30, 2020	June 30, 2027	CB04A	773,020	-	(82,734)	-	-	690,286	773,020
Year Ended June 30, 2021	June 30, 2028	CB04A	373,424	-	-	-	-	373,424	373,424
Year Ended June 30, 2022	June 30, 2029	CB31	57,981	-	-	-	-	57,981	57,981
Year Ended June 30, 2023	June 30, 2030	CB31	755,387	-	-	-	-	755,387	755,387
Year Ended June 30, 2024	June 30, 2031	CB31	765,010	-	-	-	-	765,010	765,010
Year Ended June 30, 2025	June 30, 2032	CB31	465,760	-	-	-	-	465,760	-
Interest Income			-	313,567	-	-	-	313,567	215,096
Total RTCIP Funds			<u>\$ 4,657,072</u>	<u>\$ 313,567</u>	<u>\$ (1,549,224)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,421,415</u>	<u>\$ 2,955,188</u>

CITY OF CHULA VISTA, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Chula Vista, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$8,216,640. We selected \$3,126,972 (38.06%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

Results: The City recorded total *TransNet* payroll expenditures in the amount of \$2,548,539, which represented 31.02% of total expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

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

cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2025. The City allocates costs out of their various departments 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. Department Overhead Rates ranged from 6.08% to 41.96%, with an average rate of 19.33%. Total staff time costs (which includes both direct and indirect costs) included within projects on the RTIP were \$3,041,172. Total estimated indirect costs were \$492,633, or 6.00% of total *TransNet* expenditures. In order to verify that the City allocated indirect costs appropriately, we tested four job positions to ensure the City was recording direct and indirect costs properly according to internal project rates. The City's written indirect cost plan was last updated in FY 2021. The plan was approved by Management. The City's indirect cost plan has not been reviewed by a federal or state agency or audited by an independent CPA firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We inspected 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, 2026.

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

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

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

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

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

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

Results: 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 have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$9,424,393
Less: debt service payment	<u>-</u>
Net estimated apportionment	9,424,393
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>2,827,318</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	102,902
Maintenance fund balance	<u>562</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>103,464</u>
Fund balance under apportionment	<u>\$2,723,854</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as indicated on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$102,902	\$22,268,156	\$22,371,058
Maintenance	<u>562</u>	<u>11,070,854</u>	<u>11,071,416</u>
Totals	<u>\$ 103,464</u>	<u>\$33,339,010</u>	<u>\$33,442,474</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 21.29% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$59,566,178	\$18,935,647	\$78,501,825
Maintenance	25,121,937	9,657,498	34,779,435
Interest	<u>88,350</u>	<u>4,745,865</u>	<u>4,834,210</u>
Total local street and road revenue	<u>\$84,776,465</u>	<u>\$33,339,010</u>	<u>\$118,115,475</u>
30% of total local street and road revenue			\$35,434,643
Less maintenance expenditures incurred to date			<u>(25,147,243)</u>
Available maintenance funds			<u>\$10,287,400</u>
Cumulative percentage expended for maintenance			<u>21.29%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

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

1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$5,518,655
Less MOE base year requirement	<u>(2,763,821)</u>
Excess MOE for the year ended June 30, 2025	<u>\$2,754,834</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$14,099. We selected \$2,892 (20.51%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

Results: This procedure is not applicable as the City did not incur payroll expenditures related to RTCIP projects in FY25.

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

Results: This procedure is not applicable as there was no program revenue spent for fund administration or indirect costs.

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 10, 2025.

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

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

- 14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA

TransNet and TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
CHV39	TRF0337	Traffic Signal Left Turn Mod Prog	\$ -	\$ 1,000	\$ -	\$ (952)	\$ -	\$ 48	
CHV39	TRF0350	Traffic Signal System Optimization	782	293,000	-	(308,438)	15,000	344	
CHV39	TRF0354	Traffic Congestion Relief Program	991	197,000	-	(277,879)	125,275	45,387	
CHV39	TRF0400	Signal Retiming of Yellow	165,275	-	-	-	(165,275)	-	(a)
CHV39	TRF0423	Traffic Signal Comm Improv W of 805	718	10,000	-	(1,739)	-	8,979	
CHV39	TRF0426	Adapt Signal Expansion Otay Lakes Rd	561	14,000	-	(36,849)	25,000	2,712	
Total CHV39 Projects			168,327	515,000	-	(625,857)	-	57,470	
CHV44	TRF0356	Otay Mesa Transportation System	140	2,500	-	(855)	-	1,785	
CHV48	STM0393	Major Pavement Rehabilitation FY17/18	1,826	6,174	-	(8,000)	-	-	(a)
CHV48	STM0400	RMRA Major Pavement Rehab FY19/20	104,000	-	-	-	(104,000)	-	(a)
CHV48	STM0401	RMRA Major Pavement Rehab FY20/21	118,760	-	-	-	(118,760)	-	(a)
CHV48	STM0404	Pavement Major Rehabilitation Program FY24/25	-	8,900	-	(12,952)	5,000	948	
CHV48	STM0408	Pavement Major Rehabilitation Program	298	3,250,000	-	(3,236,970)	-	13,328	
CHV48	STM0411	Pavement Major Rehabilitation Program	1,013	100,000	-	(318,162)	217,760	611	
CHV48	STM0414	Pavement Major Rehabilitation Program FY23/24	58	735,000	-	(790,169)	-	(55,111)	(b)
Total CHV48 Projects			225,955	4,100,074	-	(4,366,253)	-	(40,224)	
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	1,813	155,000	-	(206,617)	-	(49,804)	(b)
CHV58	STL0442	Alpine (Naples to Emerson)	646	90,000	-	(90,072)	-	574	
CHV58	STM0405	ADA Path Install at Otay Lakes Rd	1,177	20,000	-	(18,697)	-	2,480	
CHV58	TRF0414	3rd Ave @ Seavale Pedestrian Improv	5,682	-	-	(1,886)	-	3,796	
Total CHV58 Projects			9,318	265,000	-	(317,272)	-	(42,954)	
Subtotal Congestion Relief			403,740	4,882,574	-	(5,310,237)	-	(23,923)	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
		Balance carried forward - Congestion Relief	\$ 403,740	\$ 4,882,574	\$ -	\$ (5,310,237)	\$ -	\$ (23,923)	
CHV60	STL0437	EB Right Turn Lane Install/ East H St Study	2,822	-	-	(1,661)	(567)	594	
CHV60	TRF0398	Traffic Sig Install at Main St and Jacqua St	3,164	-	-	-	-	3,164	
CHV60	TRF0418	Lead Ped Interval Traf Signal Ops	1,791	-	-	(421)	-	1,370	
CHV60	TRF0424	Ped Hybr Beacon Upgrade	-	-	-	(567)	567	-	(a)
		Total CHV60 Projects	7,777	-	-	(2,649)	-	5,128	
CHV70	STL0451	Bayshore Bikeway Segment 6A	(1,869)	45,000	-	(16,828)	-	26,303	
CHV79	STL0446	Left Turn Imp Bonita Rd@ Bonita Glen	(84,367)	29,000	-	(28,693)	84,942	882	(c)
CHV79	TRF0415	Telegraph Cnyn Rd Raised Median Impvmnts	8,388	159,000	-	(106,311)	(84,942)	(23,865)	(b)(c)
		Total CHV79 Projects	(75,979)	188,000	-	(135,004)	-	(22,983)	
CHV80	STL0406	3rd Ave Streetscp Imprv Phs 3	64,806	-	-	(863)	-	63,943	
CHV88	STL0464	F Street Promenade Phase 1	5,583	-	-	(6,786)	-	(1,203)	(b)
CHV89	TRF0432	Olympic Parkway Safety Enhancements	3,797	-	-	(5,677)	-	(1,880)	(b)
		Interest Income	53,561	-	3,956	-	-	57,517	
		Total Congestion Relief	461,416	5,115,574	3,956	(5,478,044)	-	102,902	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
Maintenance:									
CHV06	CTY0219	Pavement Management System	\$ 357	\$ 116,000	\$ -	\$ (174,008)	\$ -	\$ (57,651)	(b)
CHV06	STL0455	Pavement Maintenance Program FY21/22	2,834	-	-	-	-	2,834	
CHV06	STL0463	Pavement Repair Program	-	200,000	-	(169,026)	-	30,974	
Total CHV06 Projects			3,191	316,000	-	(343,034)	-	(23,843)	
CHV22	CTY0202	CIP Advanced Planning	(60,419)	133,000	-	(72,014)	-	567	
CHV22	CTY0208	CIP Management & Equipment Purchase	5,736	-	-	-	-	5,736	
CHV22	CTY0232	ADA Pedestrian Connectivity Program	1,041	34,000	-	(27,761)	-	7,280	
CHV22	STM0406	Bay Boulevard at L Street Sidewalk Improvements Study	722	3,500	-	(13,403)	-	(9,181)	(b)
Total CHV22 Projects			(52,920)	170,500	-	(113,178)	-	4,402	
CHV33	TRF0345	School Zone Traffic Calming	8,220	155,000	-	(224,772)	-	(61,552)	(b)
CHV34	SWR0292	Indtrl Blvd & Main St Swr Imprv	2,272	2,870	-	(5,143)	-	(1)	(b)
CHV34	TRF0327	Neighborhood Safety Program	273	406,500	-	(405,889)	-	884	
CHV34	TRF0411	Ped Imprvmnts- Castle Park Middle School	176	50,000	-	(48,804)	-	1,372	
CHV34	TRF0413	Ladder Crosswalks at Controlled Intersections Program	730	7,000	-	(3,807)	-	3,923	
CHV34	TRF0416	Intersection Safety Improvements	282	166,500	-	(166,462)	-	320	
CHV34	TRF0422	Radar Speed Feedback Signs	(9,319)	35,000	-	(24,770)	-	911	
CHV34	TRF0429	Pedestr and Guardrail Imprv Various	505	30,000	-	(66,963)	-	(36,458)	(b)
CHV34	TRF0436	Pedest Hyb Beacon Upgr 4th/Orsett	-	17,000	-	(12,606)	-	4,394	
Total CHV34 Projects			(5,081)	714,870	-	(734,444)	-	(24,655)	
Subtotal Maintenance			(46,590)	1,356,370	-	(1,415,428)	-	(105,648)	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
		Balance carried forward - Maintenance	\$ (46,590)	\$ 1,356,370	\$ -	\$ (1,415,428)	\$ -	\$ (105,648)	
CHV35	STM0369	Bikeway Facilities Gap Project	(56,134)	248,000	-	(191,138)	-	728	
CHV35	TRF0332	Signing and Striping Program	196	93,000	-	(91,810)	-	1,386	
CHV35	TRF0366	Traffic Signal & St. Lighting Upgrade / Maint.	813	195,000	-	(301,936)	-	(106,123)	(b)
CHV35	TRF0421	Engineering & Traffic Survey Updates Program	247	104,000	-	(74,256)	-	29,991	
		Total CHV35 Projects	(54,878)	640,000	-	(659,140)	-	(74,018)	
CHV45	TRF0274	Traffic Count Stations	-	1,000	-	(606)	-	394	
CHV45	TRF0321	Citywide Traffic Count Program	15,489	10,000	-	(11,681)	-	13,808	
		Total CHV45 Projects	15,489	11,000	-	(12,287)	-	14,202	
CHV50	DRN0217	CMP Repair ROW FY20/21	(256,722)	650,000	-	(283,543)	-	109,735	
CHV50	STM0385	Bridge Maintenance	765	5,000	-	(1,473)	-	4,292	
		Total CHV50 Projects	(255,957)	655,000	-	(285,016)	-	114,027	
CHV75	STL0447	ADA Pedestrian Curb Ramps Prog	-	283	-	(283)	-	-	(a)
CHV75	STL0448	Sidewalk Replacement Program FY20/21	1,151	-	-	-	(1,151)	-	(a)
CHV75	STL0454	ADA Pedestrian Curb Ramps Program FY21/22	(42,038)	118,717	-	(109,133)	1,151	(31,303)	(b)
CHV75	STL0461	ADA Pedestrian Curb Ramps FY22/23	687	94,000	-	(93,778)	-	909	
		Total CHV75 Projects	(40,200)	213,000	-	(203,194)	-	(30,394)	
CHV83	STM0394	Local Street Utility Undergrounding District	21,430	-	-	(6,845)	-	14,585	
CHV83	STM0407	F Street Undergrounding Phase 2 - Street Light Design	15,549	-	-	(3,812)	-	11,737	
		Total CHV83 Projects	36,979	-	-	(10,657)	-	26,322	
		Subtotal Maintenance	(345,157)	2,875,370	-	(2,585,722)	-	(55,509)	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2024</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2025</u>	<u>Notes</u>
		Balance carried forward - Maintenance	\$ (345,157)	\$ 2,875,370	\$ -	\$ (2,585,722)	\$ -	\$ (55,509)	
CHV90	TRF0427	North Second Avenue Shoulder Improv	(9,704)	194,000	-	(152,874)	-	31,422	
		Interest Income	22,954	-	1,695	-	-	24,649	
		Total Maintenance	(331,907)	3,069,370	1,695	(2,738,596)	-	562	
		Total Local Street Improvements	129,509	8,184,944	5,651	(8,216,640)	-	103,464	
		Total <i>TransNet</i> Extension	\$ 129,509	\$ 8,184,944	\$ 5,651	\$ (8,216,640)	\$ -	\$ 103,464	

Notes:

- (a) CIP Project complete.
- (b) Deficit will be covered by drawdown in FY 26.
- (c) Adjustment is due to PY reporting error.

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
CHV39	TRF0337	Traffic Signal Left Turn Mod Prog	\$ 1,000	\$ -	\$ (952)	\$ 48
CHV39	TRF0350	Traffic Signal System Optimization	2,363,213	833	(2,363,702)	344
CHV39	TRF0354	Traffic Congestion Relief Program	394,075	-	(348,688)	45,387
CHV39	TRF0400	Signal Retiming of Yellow	290,000	-	(290,000)	-
CHV39	TRF0423	Traffic Signal Comm Improv W of 805	15,795	-	(6,816)	8,979
CHV39	TRF0426	Adapt Signal Expansion Otay Lakes Rd	73,399	-	(70,687)	2,712
Total CHV39 Projects			3,137,482	833	(3,080,845)	57,470
CHV44	TRF0356	Otay Mesa Transportation System	33,955	-	(32,170)	1,785
CHV48	STM0393	Major Pavement Rehabilitation FY17/18	2,890,256	-	(2,890,256)	-
CHV48	STM0400	RMRA Major Pavement Rehab FY19/20	1,134,000	-	(1,134,000)	-
CHV48	STM0401	RMRA Major Pavement Rehab FY20/21	916,840	-	(916,840)	-
CHV48	STM0404	Pavement Major Rehabilitation Program FY24/25	13,900	-	(12,952)	948
CHV48	STM0408	Pavement Major Rehabilitation Program	3,854,123	-	(3,840,795)	13,328
CHV48	STM0411	Pavement Major Rehabilitation Program	394,360	-	(393,749)	611
CHV48	STM0414	Pavement Major Rehabilitation Program FY23/24	738,500	-	(793,611)	(55,111)
Total CHV 48 Projects			9,941,979	-	(9,982,203)	(40,224)
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	840,619	-	(890,423)	(49,804)
CHV58	STL0442	Alpine (Naples to Emerson)	131,000	-	(130,426)	574
CHV58	STM0405	ADA Path Install at Otay Lakes Rd	27,556	-	(25,076)	2,480
CHV58	TRF0414	3rd Ave @ Seavale Pedestrian Improv	16,864	-	(13,068)	3,796
Total CHV58 Projects			1,016,039	-	(1,058,993)	(42,954)
Subtotal Congestion Relief			14,129,455	833	(14,154,211)	(23,923)

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
		Congestion Relief balance carried forward	\$ 14,129,455	\$ 833	\$ (14,154,211)	\$ (23,923)
CHV60	STL0437	EB Right Turn Lane Instal/ East H St Study	7,539	-	(6,945)	594
CHV60	TRF0398	Traffic Sig Instal at Main St and Jacqua St	13,815	-	(10,651)	3,164
CHV60	TRF0418	Lead Ped Interval Traf Signal Ops	101,100	-	(99,730)	1,370
CHV60	TRF0424	Ped Hybr Beacon Upgrade	193,369	-	(193,369)	-
		Total CHV60 Projects	315,823	-	(310,695)	5,128
CHV70	STL0451	Bayshore Bikeway Segment 6A	49,765	-	(23,462)	26,303
CHV79	STL0446	Left Turn Imp Bonita Rd@ bonita Glen	183,772	-	(182,890)	882
CHV79	TRF0415	Telegraph Cnyn Rd Raised Median Impvmnts	178,850	-	(202,715)	(23,865)
		Total CHV79 Projects	362,622	-	(385,605)	(22,983)
CHV80	STL0406	3rd Ave Streetscp Imprv Phs 3	2,644,038	-	(2,580,095)	63,943
CHV88	STL0464	F Street Promenade Phase 1	13,068	-	(14,271)	(1,203)
CHV89	TRF0432	Olympic Parkway Safety Enhancements	11,500	-	(13,380)	(1,880)
		Interest Income	-	57,517	-	57,517
		Total Congestion Relief	17,526,271	58,350	(17,481,719)	102,902

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
Maintenance:						
CHV06	CTY0219	Pavement Management System	\$ 1,649,767	\$ -	\$ (1,707,418)	\$ (57,651)
CHV06	STL0455	Pavement Maintenance Program FY21/22	152,800	-	(149,966)	2,834
CHV06	STL0455	Pavement Maintenance Program FY21/22	200,000	-	(169,026)	30,974
Total CHV06 Projects			2,002,567	-	(2,026,410)	(23,843)
CHV22	CTY0202	CIP Advanced Planning	1,052,448	-	(1,051,881)	567
CHV22	CTY0208	CIP Management & Equipment Purchase	50,873	-	(45,137)	5,736
CHV22	CTY0232	ADA Pedestrian Connectivity Program	76,950	-	(69,670)	7,280
CHV22	STM0406	Bay Boulevard at L Street Sidewalk Improvements Study	53,700	-	(62,881)	(9,181)
Total CHV 22 Projects			1,233,971	-	(1,229,569)	4,402
CHV33	TRF0345	School Zone Traffic Calming	970,646	-	(1,032,198)	(61,552)
CHV34	SWR0292	Indtrl Blvd & Main St Swr Imprv	145,271	-	(145,272)	(1)
CHV34	TRF0327	Neighborhood Safety Program	2,694,508	-	(2,693,624)	884
CHV34	TRF0411	Ped Imprvmnts- Castle Park Middle School	121,069	-	(119,697)	1,372
CHV34	TRF0413	Ladder Crosswalks at Controlled Intersections Program	28,806	-	(24,883)	3,923
CHV34	TRF0416	Intersection Safety Improvements	422,800	-	(422,480)	320
CHV34	TRF0422	Radar Speed Feedback Signs	87,100	-	(86,189)	911
CHV34	TRF0429	Pedestr and Guardrail Imprv Various	192,800	-	(229,258)	(36,458)
CHV34	TRF0436	Pedest Hyb Beacon Upgr 4th/Orsett	17,000	-	(12,606)	4,394
Total CHV 34 Projects			3,709,354	-	(3,734,009)	(24,655)
Subtotal Maintenance			7,916,538	-	(8,022,186)	(105,648)

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
		Maintenance balance carried forward	\$ 7,916,538	\$ -	\$ (8,022,186)	\$ (105,648)
CHV35	STM0369	Bikeway Facilities Gap Project	315,400	-	(314,672)	728
CHV35	TRF0332	Signing and Stripping Program	642,463	-	(641,077)	1,386
CHV35	TRF0366	Traffic Signal & St. Lighting Upgrade / Maint.	2,388,248	-	(2,494,371)	(106,123)
CHV35	TRF0421	Engineering & Traffic Survey Updates Program	118,241	-	(88,250)	29,991
		Total CHV 35 Projects	3,464,352	-	(3,538,370)	(74,018)
CHV45	TRF0274	Traffic Count Stations	1,000	-	(606)	394
CHV45	TRF0321	Citywide Traffic Count Program	552,207	-	(538,399)	13,808
		Total CHV 45 Projects	553,207	-	(539,005)	14,202
CHV50	DR0217	CMP Repair ROW FY20/21	803,736	-	(694,001)	109,735
CHV50	STM0385	Bridge Maintenance	143,485	-	(139,193)	4,292
		Total CHV 50 Projects	947,221	-	(833,194)	114,027
CHV75	STL0447	ADA Pedestrian Curb Ramps Program	249,854	-	(249,854)	-
CHV75	STL0448	Sidewalk Replacement Program FY20/21	86,012	-	(86,012)	-
CHV75	STL0454	ADA Pedestrian Curb Ramps Program FY21/22	195,836	-	(227,139)	(31,303)
CHV75	STL0461	ADA Pedestrian Curb Ramps FY22/23	178,100	-	(177,191)	909
		Total CHV 75 Projects	709,802	-	(740,196)	(30,394)
CHV83	STM0394	Local Street Utility Undergrounding District	95,929	-	(81,344)	14,585
CHV83	STM0407	F Street Undergrounding Phase 2 - Street Light Design	24,801	-	(13,064)	11,737
		Total CHV 83 Projects	120,730	-	(94,408)	26,322
		Subtotal Maintenance	13,711,850	-	(13,767,359)	(55,509)

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
		Maintenance balance carried forward	\$ 13,711,850	\$ -	\$ (13,767,359)	\$ (55,509)
CHV90	TRF0427	North Second Avenue Shoulder Improv	355,000	-	(323,578)	31,422
		Interest Income	-	24,649	-	24,649
		Total Maintenance	14,066,850	24,649	(14,090,937)	562
		Total Local Street Improvements	31,593,121	82,999	(31,572,656)	103,464
		Subtotal Cumulative <i>TransNet</i> Extension	31,593,121	82,999	(31,572,656)	103,464
		Completed Projects:				
		LSI - Congestion Relief	42,039,907	4,132	(42,044,039)	-
		LSI - Maintenance	11,055,087	1,219	(11,056,306)	-
		Major Corridor Environmental Mitigation	1,072,678	-	(1,072,678)	-
		Smart Growth	6,252,698	-	(6,252,698)	-
		Bike and Pedestrian	828,582	-	(828,582)	-
		Total Completed Projects	61,248,952	5,351	(61,254,303)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 92,842,073	\$ 88,350	\$ (92,826,959)	\$ 103,464

SCHEDULE C

CITY OF CHULA VISTA CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

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, 2025	June 30, 2025	June 30, 2024	
Year Ended June 30, 2018	June 30, 2025	CHV45	\$ 389,773	\$ -	\$ (53,066)	\$ -	\$ (336,707)	\$ 336,707	\$ 350,806	(a)
Year Ended June 30, 2019	June 30, 2026	CHV45	120,066	-	-	-	(120,066)	120,066	120,066	
Year Ended June 30, 2020	June 30, 2027	CHV45	68,068	-	-	-	(51,684)	68,068	68,068	
Year Ended June 30, 2021	June 30, 2028		564,393	-	-	-	-	564,393	564,393	
Year Ended June 30, 2022	June 30, 2029		1,033,556	-	-	-	-	1,033,556	1,033,556	
Year Ended June 30, 2023	June 30, 2030		1,213,000	-	-	-	-	1,213,000	1,213,000	
Year Ended June 30, 2024	June 30, 2031		256,453	-	-	-	-	256,453	256,453	
Year Ended June 30, 2025	June 30, 2032		1,414,792	-	-	-	-	1,414,792	-	
Interest Income			-	403,166	-	-	-	403,166	246,685	
Subtotal RTCIP Funds			5,060,101	403,166	(53,066)	-	(508,457)	5,410,201	3,853,027	
GASB 31 Market Value Adjustment			-	107,419	-	-	-	107,419	77,225	
Total RTCIP Funds			<u>\$ 5,060,101</u>	<u>\$ 510,585</u>	<u>\$ (53,066)</u>	<u>\$ -</u>	<u>\$ (508,457)</u>	<u>\$ 5,517,620</u>	<u>\$ 3,930,252</u>	

Notes:

- (a) \$456,773 is committed and will be programmed into the RTIP (CHV70) at the next available opportunity. Funds will be added to CIP STL0451-Bayshore Bikeway Segment 6A as part of the upcoming budget development cycle.

CITY OF CORONADO, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Coronado, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

- ii. We inspected 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 inspected 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 \$1,118,237. We selected \$837,322 (74.88%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects in FY25.

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as the City did not allocate indirect costs to *TransNet* projects in FY25.

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

Results: This procedure is not applicable as there were no adjustments made to the projects on Schedule A in FY25.

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

Results: This procedure is not applicable as there were no completed projects reported in FY25.

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

Results: This procedure is not applicable as there were no completed projects reported in FY25.

- 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, 2026.

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

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

Results: This procedure is not applicable as there were no inactive projects during FY25.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects during FY25.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY25.
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 inspected 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 inspected the ending balances at June 30, 2025 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

Results: This procedure is not applicable as the City did not have any adjustments reported on Schedule A in FY25.
 - 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$807,760
Less: debt service payment	<u>-</u>
Net estimated apportionment	870,760
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>242,328</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	8,392
Maintenance fund balance	<u>(1,212)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>7,180</u>
Fund balance under apportionment	<u>\$235,148</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$8,392	\$723,478	\$731,870
Maintenance	<u>(1,212)</u>	<u>2,900,087</u>	<u>2,898,875</u>
Totals	<u>\$7,180</u>	<u>\$3,623,565</u>	<u>\$3,630,745</u>

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

Results: The City has expended 5.81% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$7,495,357	\$282,067	\$7,777,424
Maintenance	682,949	2,720,400	3,403,349
Interest	<u>30,044</u>	<u>621,098</u>	<u>651,141</u>
 Total local street and road revenue	 <u>\$8,208,350</u>	 <u>\$3,623,565</u>	 <u>\$11,831,915</u>
 30% of total local street and road revenue			 \$3,549,575
Less maintenance expenditures incurred to date			<u>(686,910)</u>
 Available maintenance funds			 <u>\$2,862,665</u>
 Cumulative percentage expended for maintenance			 <u>5.81%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

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

3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$1,644,219
Less MOE base year requirement	<u>(620,164)</u>
Excess MOE for the year ended June 30, 2025	<u>\$1,024,055</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$9,561. We selected \$9,561 (100.00%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures for the fiscal year ended June 30, 2025.

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

Results: This procedure is not applicable as the City did not incur payroll expenditures for RTCIP projects in FY25.

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

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 21, 2025.

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

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

- 14. We inspected 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 documented the status of any prior year findings and recommendations.

Results: The City had two prior year findings relating to the City not consistently collecting the required exaction fee amount, and RTCIP funding not being expended or committed within seven years of collection. With regard to the finding noted concerning the inconsistent collection of required exaction fee amounts in FY24, the City made an internal transfer of \$54 to remedy the shortfall of RTCIP collections. Similarly, for the under collection of RTCIP exactions in FY23, the City made an

internal transfer of \$646 to remedy the shortfall of RTCIP exactions in FY23. As such, this finding has been resolved. Additionally, the City had a prior year finding relating to RTCIP funding not being expended or committed within seven years of collection. The City programmed additional funding within ProjectTrak for an RTCIP eligible project to ensure funding is committed through FY29. As such, this finding has also been resolved.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Congestion Relief:									
COR07	97520-20013	Shores Median	\$ -	\$ 8,100	\$ -	\$ (8,100)	\$ -	\$ -	
COR07	98070-21001	Street, Curb & Gutter-FY20/FY21	(15,933)	62,817	-	(27,097)	-	19,787	
COR07	98982-22002	Street, Curb & Gutter - FY22	-	500,000	-	(554,372)	-	(54,372)	(a)
COR07	98983-23001	Downtown Enhancement Phase I	-	30,835	-	(30,835)	-	-	
COR07	98987-23000	Seawall Stabilization & Repairs	-	211,641	-	(174,819)	-	36,822	
COR07	98987-25008	Alley Replacement	-	20,739	-	(20,739)	-	-	
Total COR07 Projects			(15,933)	834,132	-	(815,962)	-	2,237	
COR27	98987-24008	Five Points Drainage Preliminary Eng	(29,436)	31,711	-	(2,275)	-	-	
Interest Income			537	-	5,618	-	-	6,155	
Total Congestion Relief			(44,832)	865,843	5,618	(818,237)	-	8,392	
Maintenance:									
COR04	98987-STPVM FY23	Street Preventative Maintenance FY23	(3,638)	300,000	-	(300,000)	-	(3,638)	(a)
Interest Income			18	-	2,408	-	-	2,426	
Total Maintenance			(3,620)	300,000	2,408	(300,000)	-	(1,212)	
Total Local Street Improvements			(48,452)	1,165,843	8,026	(1,118,237)	-	7,180	
Total <i>TransNet</i> Extension			\$ (48,452)	\$ 1,165,843	\$ 8,026	\$ (1,118,237)	\$ -	\$ 7,180	

Notes:

(a) City will request funds during FY26.

SCHEDULE B

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
COR07	97520-20013	Shores Median	\$ 30,356	\$ -	\$ (30,356)	\$ -
COR07	98070-21001	Street, Curb & Gutter-FY20/FY21	120,161	-	(100,374)	19,787
COR07	98982-22002	Street, Curb & Gutter - FY22	500,000	-	(554,372)	(54,372)
COR07	98983-23001	Downtown Enhancement Phase I	30,835	-	(30,835)	-
COR07	98987-23000	Seawall Stabilization & Repairs	261,141	-	(224,319)	36,822
COR07	98987-25008	Alley Replacement	20,739	-	(20,739)	-
Total COR07 Projects			963,232	-	(960,995)	2,237
COR27	98987-24008	Five Points Drainage Preliminary Eng	63,651	-	(63,651)	-
Interest Income			-	6,155	-	6,155
Total Congestion Relief			1,026,883	6,155	(1,024,646)	8,392
Maintenance:						
COR04	98987-STPVM FY23	Street Preventative Maintenance FY23	400,000	-	(403,638)	(3,638)
Interest Income			-	2,426	-	2,426
Total Maintenance			400,000	2,426	(403,638)	(1,212)
Total Local Street Improvements			1,426,883	8,581	(1,428,284)	7,180
Total Cumulative <i>TransNet</i> Extension			1,426,883	8,581	(1,428,284)	7,180
Completed Projects:						
LSI - Congestion Relief			6,468,474	21,140	(6,489,614)	-
LSI - Maintenance			282,949	323	(283,272)	-
Senior Mini Grant			89,083	-	(89,083)	-
Total Completed Projects			6,840,506	21,463	(6,861,969)	-
Total Cumulative <i>TransNet</i> Extension			\$ 8,267,389	\$ 30,044	\$ (8,290,253)	\$ 7,180

SCHEDULE C

CITY OF CORONADO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024	
Year Ended June 30, 2017	June 30, 2024	COR24	\$ 21,213	\$ 1,977	\$ (13,232)	\$ -	\$ (9,958)	\$ 9,958	\$ 19,519	(a)
Year Ended June 30, 2018	June 30, 2025	COR28	14,425	1,344	-	(2,404)	(13,365)	13,365	18,173	(a)(b)
Year Ended June 30, 2019	June 30, 2026	COR28	26,446	2,465	-	-	(28,911)	28,911	28,911	(a)
Year Ended June 30, 2020	June 30, 2027	COR28	15,943	1,486	-	-	(17,429)	17,429	17,429	(a)
Year Ended June 30, 2021	June 30, 2028	COR28	-	-	-	-	-	-	-	
Year Ended June 30, 2022	June 30, 2029	COR28	12,919	1,204	-	-	(14,123)	14,123	14,123	(a)
Year Ended June 30, 2023	June 30, 2030	COR28	20,859	1,944	-	646	(19,034)	23,449	22,803	(a)(c)
Year Ended June 30, 2024	June 30, 2031		2,688	4,318	-	54	-	7,060	7,006	(c)
Year Ended June 30, 2025	June 30, 2032		<u>34,501</u>	<u>7,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,069</u>	<u>-</u>	
Total RTCIP Funds			<u>\$ 148,994</u>	<u>\$ 22,306</u>	<u>\$ (13,232)</u>	<u>\$ (1,704)</u>	<u>\$ (102,820)</u>	<u>\$ 156,364</u>	<u>\$ 127,964</u>	

Notes:

- (a) City is committing funds for COR 28 via RTIP Amendment 8 under Project 25009 – Traffic Signal Control Device Upgrades (PO No. 22500075).
- (b) The City processed an adjustment in FY24 for a refund in the amount of \$2,404 of erroneous RTCIP charge in FY2018 for permit #B1807-001.
- (c) Adjustment is the received amounts of \$646 from FY23 and \$54 from FY24 for the undercollection of RTCIP Fees.

CITY OF DEL MAR, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Del Mar, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

- ii. We inspected 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 inspected 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 \$191,159. We selected \$55,525 (29.05%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

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

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as indirect costs were not allocated to the projects included in the RTIP.

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

Results: This procedure is not applicable as there were no adjustments during the year ended June 30, 2025.

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

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

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

Results: This procedure is not applicable as there were no transfers during the year ended June 30, 2025.

- 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 negative project ending balances.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2026.

Results: This procedure is not applicable as there was no additional funding available in the RTIP.

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

Results: There is one project that has been inactive over the past three years. The City indicated for DM02 project that "the City of Del Mar has secured other local funding sources that will be utilized first before using *TransNet* Funds. It is anticipated that the other available local funds will be exhausted during the construction phase of the project. The construction phase of the project is projected to begin in December 2026. It is not anticipated that *TransNet* funds will be used for this project prior to that date.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: SANDAG approved the reason for the inactivity on October 23, 2025.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity in Schedule A.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We inspected 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 inspected the ending balances at June 30, 2025 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

Fiscal year 2025 apportionment	\$271,551
Less: debt service payment	<u>-</u>
Net estimated apportionment	271,551
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>81,465</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	3,491
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>3,491</u>
Fund balance under apportionment	<u>\$ 77,974</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 3,491	\$(71,962)	\$(68,471)
Maintenance	<u>-</u>	<u>690,319</u>	<u>690,319</u>
Totals	<u>\$ 3,491</u>	<u>\$618,357</u>	<u>\$621,848</u>

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

Results: The City has expended 5.75% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$6,974,082	\$(145,411)	\$6,828,671
Maintenance	462,626	660,814	1,123,440
Interest	<u>8,584</u>	<u>102,954</u>	<u>111,538</u>
 Total local street and road revenue	 <u>\$7,445,292</u>	 <u>\$618,357</u>	 <u>\$8,063,649</u>
 30% of total local street and road revenue			\$2,419,095
Less maintenance expenditures incurred to date			<u>(463,270)</u>
 Available maintenance funds			<u>\$1,955,825</u>
 Cumulative percentage expended for maintenance			<u>5.75%</u>

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

Results: The results are summarized below.

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Total Debt Service *</u>
2019 Series A Bonds	\$ 638,105	\$ -	\$ -	\$ 638,105	\$ (20,291)
2021 Series A Bonds	1,591,250	-	(56,250)	1,535,000	(105,483)
2023 Series A Bonds	<u>216,895</u>	<u>-</u>	<u>-</u>	<u>216,895</u>	<u>(5,385)</u>
Total	<u>\$2,446,250</u>	<u>\$ -</u>	<u>\$(56,250)</u>	<u>\$2,390,000</u>	<u>\$(131,159)</u>

* Total Debt Service is comprised of principal payments, interest, debt service expenses and withholdings.

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

- i. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

	Street & Roads	Specialized Transportation	Total
Current year local discretionary expenditures	\$1,263,784	\$ 60,000	\$1,323,784
Less MOE base year requirement	<u>(379,643)</u>	<u>(17,493)</u>	<u>(397,136)</u>
Excess MOE for the year ended June 30, 2025	<u>\$ 844,141</u>	<u>\$ 42,507</u>	<u>\$926,648</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for FY25.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for FY25.

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

Results: This procedure is not applicable as there were no payroll expenditures identified during FY25.

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

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

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 14, 2025.

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

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

- 14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarrLLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"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, 2025

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2024</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2025</u>	<u>Notes</u>
<i>TransNet Extension:</i>									
Local Street Improvements:									
Congestion Relief:									
DM02	44.7000.7011	Local Match to Bridge Retrofit Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(a)
DM06	44.7000.7009	Sidewalk, Street and Drainage Project	3,390	-	101	-	-	3,491	
		2019 Series A Bond	-	20,291	-	(20,291)	-	-	
		2021 Series A Bond	-	105,483	-	(105,483)	-	-	
		2023 Series A Bond	-	5,385	-	(5,385)	-	-	
		Total Congestion Relief	3,390	131,159	101	(131,159)	-	3,491	
Maintenance:									
DM01	44.7000.7009	Resurfacing and Drainage Project	-	60,000	-	(60,000)	-	-	
		Total Maintenance	-	60,000	-	(60,000)	-	-	
		Total Local Street Improvements	3,390	191,159	101	(191,159)	-	3,491	
		Total <i>TransNet</i> Extension	3,390	191,159	101	(191,159)	-	3,491	
		GASB 31 Market Value Adjustment	(64)	-	14	-	-	(50)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 3,326	\$ 191,159	\$ 115	\$ (191,159)	\$ -	\$ 3,441	

Notes:

- (a) The City of Del Mar has secured other local funding sources that will be utilized first before using TransNet Funds. It is anticipated that the other available local funds will be exhausted during the construction phase of the project. The construction phase of the project is projected to begin in December 2026. It is not anticipated that TransNet funds will be used for this project prior to that date.

SCHEDULE B

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
DM02	44.7000.7011	Local Match to Bridge Retrofit Projects	\$ 207,386	\$ 459	\$ (207,845)	\$ -
DM06	44.7000.7009	Sidewalk, Street and Drainage Improv	4,349,981	6,070	(4,352,560)	3,491
		2019 Series A Bonds	119,046	-	(119,046)	-
		2021 Series A Bonds	227,880	-	(227,880)	-
		2023 Series A Bonds	14,596	-	(14,596)	-
		Total Congestion Relief	4,918,889	6,529	(4,921,927)	3,491
Maintenance:						
DM01	44.7000.7009	Resurfacing and Drainage Project	462,626	644	(463,270)	-
		Total Maintenance	462,626	644	(463,270)	-
		Total Local Street Improvements	5,381,515	7,173	(5,385,197)	3,491
		Total Cumulative <i>TransNet</i> Extension	5,381,515	7,173	(5,385,197)	3,491
Completed Projects:						
		LSI - Commercial Paper Debt Service	1,350,970	-	(1,350,970)	-
		LSI - Congestion Relief	704,223	1,411	(705,634)	-
		Bikes and Pedestrian	812,000	-	(812,000)	-
		Total Completed Projects	2,867,193	1,411	(2,868,604)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 8,248,708	\$ 8,584	\$ (8,253,801)	\$ 3,491

CITY OF DEL MAR, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2025	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	DM06	\$ 2,404	\$ 25	\$ (2,429)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	DM06	2,483	68	(2,551)	-	-	-	-
Year Ended June 30, 2020	June 30, 2027	DM06	2,533	125	(3)	-	-	2,655	2,655
Year Ended June 30, 2021	June 30, 2028	DM06	2,584	131	-	-	-	2,715	2,715
Year Ended June 30, 2022	June 30, 2029	DM06	2,636	58	-	-	-	2,694	2,694
Year Ended June 30, 2023	June 30, 2030		23,720	675	-	-	-	24,395	24,395
Year Ended June 30, 2024	June 30, 2031		3,216	1,067	-	-	-	4,284	4,284
Year Ended June 30, 2025	June 30, 2032		-	1,292	-	-	-	1,292	-
Subtotal RTCIP Funds			39,576	3,441	(4,983)	-	-	38,034	36,743
GASB 31 Market Value Adjustment			-	154	-	-	-	154	270
Total RTCIP Funds			<u>\$ 39,576</u>	<u>\$ 3,595</u>	<u>\$ (4,983)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,189</u>	<u>\$ 37,013</u>

CITY OF EL CAJON, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of El Cajon, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

- ii. We inspected 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 inspected 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 \$4,658,797. We selected \$1,415,526 (30.38%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

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

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2025. The City of El Cajon distributes indirect cost rate of 14%, using the federal "De Minimis" rate of up to 15%. The City did not allocate indirect costs from July 1, 2024 through October 30, 2024 and utilized the rate of 14% from November 1, 2024 through December 31, 2024 and 10% from January 1, 2025 through June 30, 2025, and did not charge more than the federal rate. The city does not have a federally negotiated indirect cost rate, so it applies the De Minimis indirect cost rate to at least get a portion of incurred overhead costs. The federal De Minimis rate does not require documentation to justify its use and may be used indefinitely. The City allocated a total of \$15,038 of indirect costs in the RTIP, resulting in 0.32% of indirect costs compared to total *TransNet* expenditures of \$4,658,797. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA but has been approved by the City's Finance Department. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We inspected 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, 2026.

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

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no transfer of *TransNet* funds from one project to another during FY25.

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$3,524,540
Less: debt service payment	<u>-</u>
Net estimated apportionment	3,524,540
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>1,057,362</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	92,517
Maintenance fund balance	<u>19,144</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>111,661</u>
Fund balance under apportionment	<u>\$945,701</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 92,517	\$5,239,614	\$5,332,131
Maintenance	<u>19,144</u>	<u>4,451,555</u>	<u>4,470,699</u>
Totals	<u>\$111,661</u>	<u>\$9,691,169</u>	<u>\$9,802,830</u>

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

Results: The City has expended 20.43% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$27,436,415	\$3,946,481	\$31,382,896
Maintenance	9,553,151	3,909,292	13,462,443
Interest	<u>29,646</u>	<u>1,835,396</u>	<u>1,865,042</u>
Total local street and road revenue	<u>\$37,019,212</u>	<u>\$9,691,169</u>	<u>\$46,710,381</u>
30% of total local street and road revenue			\$14,013,114
Less maintenance expenditures incurred to date			<u>(9,542,901)</u>
Available maintenance funds			<u>\$4,470,213</u>
Cumulative percentage expended for maintenance			<u>20.43%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

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

1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$2,474,540
Less MOE base year requirement	<u>(1,165,357)</u>
Excess MOE for the year ended June 30, 2025	<u>\$1,309,183</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$467,843. We selected \$357,820 (76.48%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures for the fiscal year ended June 30, 2025.

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

Results: This procedure is not applicable as there were no RCTIP payroll expenditures during FY25.

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

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 8, 2025.

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

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

- 14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarrLLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*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, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
EL03	200020PWCP	Overlay 2020	\$ (40,339)	\$ 247,473	\$ -	\$ (466,009)	\$ -	\$ (258,875)	(a)
EL03	203688PWCP	Jamacha Road Safety Improvements	(8,713)	31,389	-	(218,818)	-	(196,142)	(a)
EL03	203689PWCP	Madison Avenue Safety Improvements	1	2,382	-	-	(306,648)	(304,265)	(a)(b)
EL03	203690PWCP	El Cajon Transit Center Improvements	(1,244,843)	2,090,488	-	(505,691)	-	339,954	
EL03	223748PWCP	Luke Lane Drainage Improvements	(23,843)	106,386	-	-	-	82,543	
EL03	233785PWCP	Oakdale Alameda Gateway Beautification	(83,916)	430,710	-	(238,412)	-	108,382	
EL03	233795PWCP	Washington Ave Safety Improvements	-	17,029	-	(69,992)	-	(52,963)	(a)
EL03	243833PWCP	Citywide Beautification Project	-	-	-	(230,566)	-	(230,566)	(a)
EL03	253849PWCP	Asphalt Reconstruction Various Locations	-	-	-	(294)	-	(294)	(a)
Total EL03 Projects			(1,401,653)	2,925,857	-	(1,729,782)	(306,648)	(512,226)	
EL06	203688PWCP	Jamacha Road Safety Improvements	10,843	13,691	-	(87,885)	28,552	(34,799)	(a)
EL06	203689PWCP	Madison Avenue Safety Improvements	274,091	-	-	-	-	274,091	
EL06	203690PWCP	El Cajon Transit Center Improvements	28,552	-	-	-	(28,552)	-	(c)
EL06	203691PWCP	Main/Green Street Gateway Improvements	1,645	-	-	-	-	1,645	
EL06	223744PWCP	Traffic Signal System Upgrades 2022	18,785	18,785	-	-	-	37,570	
EL06	233791PWCP	Traffic Signal System Upgrades 2023	-	71,720	-	(37,485)	-	34,235	
EL06	233795PWCP	Washington Ave Safety Improvements	-	20,434	-	(63,896)	-	(43,462)	(a)
EL06	253853PWCP	Traffic Signal Upgrades 2025	-	12,715	-	(14,659)	-	(1,944)	(a)
Total EL06 Projects			333,916	137,345	-	(203,925)	-	267,336	
EL18	N/A	Street Light LED Retrofit Program 2022	7,090	-	-	-	(7,090)	-	(c)(d)
EL18	203688PWCP	Jamacha Road Safety Improvements	(661)	97,246	-	(87,885)	-	8,700	
EL18	203689PWCP	Madison Avenue Safety Improvements	(288,138)	333,876	-	-	103,681	149,419	(b)(d)
EL18	233784PWCP	Neighborhood Street Lights 2023	-	1,658	-	(7,600)	-	(5,942)	(a)
EL18	233785PWCP	Oakdale Alameda Gateway Beautification	-	210,487	-	(139,755)	-	70,732	
Total EL18 Projects			(281,709)	643,267	-	(235,240)	96,591	222,909	
EL29	203689PWCP	Madison Avenue Safety Improvements	(139,565)	158,098	-	-	94,686	113,219	(e)
EL29	213719PWCP	Traffic Safety Calming 2021	(9,261)	50,626	-	-	-	41,365	
EL29	223745PWCP	Traffic Safety Calming 2022	(1,130)	38,790	-	-	-	37,660	
EL29	233790PWCP	Traffic Safety Calming 2023	(42,493)	73,583	-	(129,588)	-	(98,498)	(a)
Total EL29 Projects			(192,449)	321,097	-	(129,588)	94,686	93,746	
Interest Income			6,849	-	13,903	-	-	20,752	
Total Congestion Relief			\$ (1,535,046)	\$ 4,027,566	\$ 13,903	\$ (2,298,535)	\$ (115,371)	\$ 92,517	

(Continued)

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
Maintenance:									
EL11	N/A	ADA Concrete Improvements 2021	\$ 55	\$ -	\$ -	\$ -	\$ (55)	\$ -	(c)
EL11	203688PWCP	Jamacha Road Safety Improvements	1,220	207,744	-	(87,885)	55	121,134	
EL11	203690PWCP	El Cajon Transit Center Improvements	(30,741)	155,439	-	(116,928)	-	7,770	
EL11	203691PWCP	Main/Green Street Gateway Improvements	(6,296)	779,946	-	(781,603)	-	(7,953)	(a)
EL11	222022PWCP	Concrete Sidewalk Slicing	16,432	34,266	-	-	-	50,698	
EL11	233795PWCP	Washington Ave Safety Improvements	-	17,028	-	(69,992)	-	(52,964)	(a)
EL11	253845PWCP	ADA Concrete Improvements 2025	-	94,310	-	(561,002)	-	(466,692)	(a)
Total EL11 Projects			(19,330)	1,288,733	-	(1,617,410)	-	(348,007)	
EL21	233788PWCP	Slurry 2022	(693,607)	916,699	-	(212,436)	-	10,656	
EL21	253852PWCP	Slurry 2025	-	349,392	-	(1,791)	-	347,601	
Total EL21 Projects			(693,607)	1,266,091	-	(214,227)	-	358,257	
EL32	213717PWCP	Pavement Management System	-	48,766	-	(48,766)	-	-	
Interest Income			2,936	-	5,958	-	-	8,894	
Total Maintenance			(710,001)	2,603,590	5,958	(1,880,403)	-	19,144	
Total Local Street improvements			(2,245,047)	6,631,156	19,861	(4,178,938)	(115,371)	111,661	
Smart Growth:									
EL40	SNDG5488	El Cajon Transit Center Community Connection Improvements	119,070	239,504	-	-	-	358,574	
EL41	SNDG5489	Main Street/Green Street Gateway	(302,253)	-	-	(479,859)	-	(782,112)	(a)
Total Smart Growth			(183,183)	239,504	-	(479,859)	-	(423,538)	
Total <i>TransNet</i> Extension			(2,428,230)	6,870,660	19,861	(4,658,797)	(115,371)	(311,877)	
GASB 31 Market Value Adjustment			-	-	18,464	-	-	18,464	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			\$ (2,428,230)	\$ 6,870,660	\$ 38,325	\$ (4,658,797)	\$ (115,371)	\$ (293,413)	

Notes:

- (a) City will request funds during FY26.
(b) Adjustment reflects correction to MPO ID EL03 Project 203689PWCP in FY24. \$306,648 of expenditures were incorrectly charged to two other MPO ID's and one non-Transnet source within project 203689PWCP, \$115,371 was charged to RMRA, \$96,591 was charged to MPO ID EL18, \$94,686 was charged to MPO ID EL29.
(c) Project is complete.
(d) Adjustment reflects correction of an overcharge of \$96,591 to MPO ID EL18, Project 203689PWCP in FY24, and the reallocation of \$7,090 from the Street Light LED Retrofit Program (2022), for a total adjustment of \$103,681.
(e) Adjustment reflects correction of an overcharge of \$94,686 to MPO ID EL29, Project 203689PWCP in FY24.

SCHEDULE B

CITY OF EL CAJON, CALIFORNIA TransNet Extension Activities Cumulative Schedule of Status of Funds by Project Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
EL03	200020PWCP	Overlay 2020	\$ 1,312,301	\$ -	\$ (1,571,176)	\$ (258,875)
EL03	203688PWCP	Jamacha Road Safety Improvements	66,843	-	(262,985)	(196,142)
EL03	203689PWCP	Madison Avenue Safety Improvements	4,765	-	(309,030)	(304,265)
EL03	203690PWCP	El Cajon Transit Center Improvements	3,280,342	-	(2,940,388)	339,954
EL03	223748PWCP	Luke Lane Drainage Improvements	200,579	-	(118,036)	82,543
EL03	233785PWCP	Oakdale Alameda Gateway Beautification	502,766	-	(394,384)	108,382
EL03	233795PWCP	Washington Ave Safety Improvements	17,029	-	(69,992)	(52,963)
EL03	243833PWCP	Citywide Beautification Project	-	-	(230,566)	(230,566)
EL03	253849PWCP	Asphalt Reconstruction Various Locations	-	-	(294)	(294)
Total EL06 Projects			5,384,625	-	(5,896,851)	(512,226)
EL06	203688PWCP	Jamacha Road Safety Improvements	136,296	-	(171,095)	(34,799)
EL06	203689PWCP	Madison Avenue Safety Improvements	365,616	-	(91,525)	274,091
EL06	203690PWCP	El Cajon Transit Center Improvements	-	-	-	-
EL06	203691PWCP	Main/Green Street Gateway Improvements	10,950	-	(9,305)	1,645
EL06	223744PWCP	Traffic Signal System Upgrades 2022	271,605	-	(234,035)	37,570
EL06	233791PWCP	Traffic Signal System Upgrades 2023	71,720	-	(37,485)	34,235
EL06	233795PWCP	Washington Ave Safety Improvements	20,434	-	(63,896)	(43,462)
EL06	253853PWCP	Traffic Signal Upgrades 2025	12,715	-	(14,659)	(1,944)
Total EL06 Projects			889,336	-	(622,000)	267,336
EL18	N/A	Street Light LED Retrofit Program 2022	100,210	-	(100,210)	-
EL18	203688PWCP	Jamacha Road Safety Improvements	179,796	-	(171,096)	8,700
EL18	203689PWCP	Madison Avenue Safety Improvements	536,921	-	(387,502)	149,419
EL18	233784PWCP	Neighborhood Street Lights 2023	1,658	-	(7,600)	(5,942)
EL18	233785PWCP	Oakdale Alameda Gateway Beautification	210,487	-	(139,755)	70,732
Total EL18 Projects			1,029,072	-	(806,163)	222,909
EL29	203689PWCP	Madison Avenue Safety Improvements	433,212	-	(319,993)	113,219
EL29	213719PWCP	Traffic Safety Calming 2021	100,992	-	(59,627)	41,365
EL29	223745PWCP	Traffic Safety Calming 2022	77,302	-	(39,642)	37,660
EL29	233790PWCP	Traffic Safety Calming 2023	73,583	-	(172,081)	(98,498)
Total EL29 Projects			685,089	-	(591,343)	93,746
Interest Income			-	20,752	-	20,752
Total Congestion Relief			\$ 7,988,122	\$ 20,752	\$ (7,916,357)	\$ 92,517

(Continued)

SCHEDULE B

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
Maintenance:						
EL11	N/A	ADA Concrete Improvements 2021	\$ 1,045	\$ -	\$ (1,045)	\$ -
EL11	203688PWCP	Jamacha Road Safety Improvements	292,229	-	(171,095)	121,134
EL11	203690PWCP	El Cajon Transit Center Improvements	295,679	-	(287,909)	7,770
EL11	203691PWCP	Main/Green Street Gateway Improvements	815,453	-	(823,406)	(7,953)
EL11	222022PWCP	Concrete Sidewalk Slicing	121,586	-	(70,888)	50,698
EL11	233795PWCP	Washington Ave Safety Improvements	17,028	-	(69,992)	(52,964)
EL11	253845PWCP	ADA Concrete Improvements 2025	94,310	-	(561,002)	(466,692)
Total EL11 Projects			1,637,330	-	(1,985,337)	(348,007)
EL21	233788PWCP	Slurry 2022	930,902	-	(920,246)	10,656
EL21	253852PWCP	Slurry 2025	349,392	-	(1,791)	347,601
Total EL21 Projects			1,280,294	-	(922,037)	358,257
EL32	213717PWCP	Pavement Management System	48,766	-	(48,766)	-
Interest Income			-	8,894	-	8,894
Total Maintenance			2,966,390	8,894	(2,956,140)	19,144
Total Local Street Improvements			10,954,512	29,646	(10,872,497)	111,661
Smart Growth:						
EL40	SNDG5488	El Cajon Transit Center Community Connection Improvements	2,250,001	-	(1,891,427)	358,574
EL41	SNDG5489	Main Street/Green Street Gateway	1,730,117	-	(2,512,229)	(782,112)
Total Smart Growth			3,980,118	-	(4,403,656)	(423,538)
Subtotal Cumulative TransNet Extension			14,934,630	29,646	(15,276,153)	(311,877)
Completed Projects:						
Congestion Relief			19,448,293	-	(19,448,293)	-
Maintenance			6,586,761	-	(6,586,761)	-
Smart Growth			537,626	-	(537,626)	-
Total Completed Projects			26,572,680	-	(26,572,680)	-
Total Cumulative TransNet Extension			\$ 41,507,310	\$ 29,646	\$ (41,848,833)	\$ (311,877)

SCHEDULE C

CITY OF EL CAJON CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2025	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	EL40	\$ 50,449	\$ -	\$ (50,449)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	EL40	302,985	-	(302,985)	-	-	-	81,257
Year Ended June 30, 2020	June 30, 2027		298,912	-	(298,912)	-	-	-	298,912
Year Ended June 30, 2021	June 30, 2028		79,997	-	(79,997)	-	-	-	79,997
Year Ended June 30, 2022	June 30, 2029		44,648	-	(7,677)	-	-	36,971	44,648
Year Ended June 30, 2023	June 30, 2030		37,530	-	-	-	-	37,530	37,530
Year Ended June 30, 2024	June 30, 2031		147,099	-	-	-	-	147,099	147,099
Year Ended June 30, 2025	June 30, 2032		221,380	-	-	-	-	221,380	-
Interest Income			-	88,319	-	-	-	88,319	74,560
Total RTCIP Funds			<u>\$ 1,183,000</u>	<u>\$ 88,319</u>	<u>\$ (740,020)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,299</u>	<u>\$ 764,003</u>

CITY OF ENCINITAS, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Encinitas, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

- ii. We inspected 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 inspected 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 \$1,969,767. We selected \$961,576 (48.82%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

Results: This procedure is not applicable as payroll expenditures were not allocated to projects on the RTIP for the fiscal year ended June 30, 2025.

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

program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated to projects included within the RTIP for the fiscal year ended June 30, 2025.

- g. We inspected 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, 2026.

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

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

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

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

Results: This procedure is not applicable as the City did not have projects without activity for the past two years on Schedule A.

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

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

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

Results: This procedure is not applicable as there were no non-*TransNet* projects included within Schedule A.

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

- a. We inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$2,358,176
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,358,176
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>707,453</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(72,493)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(72,493)</u>
Fund balance under apportionment	<u>\$779,946</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(72,493)	\$(4,902,376)	\$(4,974,869)
Maintenance	<u>-</u>	<u>8,492,468</u>	<u>8,942,468</u>
Totals	<u>\$(72,493)</u>	<u>\$4,040,092</u>	<u>\$3,967,599</u>

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

Results: The City has expended 3.24% of cumulative local street and road revenue for maintenance as indicated below:

	<u>Encinitas</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$29,260,254	\$(6,022,222)	\$23,238,032
Maintenance	1,117,046	8,480,776	9,597,822
Interest	<u>59,186</u>	<u>1,581,538</u>	<u>1,640,724</u>
Total local street and road revenue	<u>\$30,436,486</u>	<u>\$4,040,092</u>	<u>\$34,476,578</u>
30% of total local street and road revenue			\$10,342,973
Less maintenance expenditures incurred to date			<u>(1,117,046)</u>
Available maintenance funds			<u>\$9,225,927</u>
Cumulative percentage expended for maintenance			<u>3.24%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

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

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$18,269,224
Less MOE base year requirement	<u>(1,436,353)</u>
Excess MOE for the year ended June 30, 2025	<u>\$16,832,871</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: The City did not consistently collect the required exaction fee amount of \$2,875.06. For one permit issued, the exaction fee was entered erroneously. This resulted in an under-collection of the exaction fee in the amount of \$1,170.00. See Finding 1 in the Findings and Recommendations section of this report.

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$21,975. We selected \$21,975 (100%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

Results: This procedure is not applicable as the City did not incur payroll RTCIP expenditures for the fiscal year ended June 30, 2025.

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

Results: This procedure is not applicable as the City did not incur expenditures for fund administration for the fiscal year ended June 30, 2025.

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on September 24, 2025.

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

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

- 14. We inspected 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 documented the status of any prior year findings and recommendations.

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

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

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

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

CITY OF ENCINITAS, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the TransNet Fund

Findings and Recommendations

Year Ended June 30, 2025

(1) Need to Use Approved Exaction Fee

Per review of the City's exaction fee collections for the year ended June 30, 2025, the City did not consistently collect the required exaction fee amount of \$2,875.06. For one permit issued, the exaction fee collected was based upon an erroneous entry to the fee collection system of \$2,785.06 for each of the 13 units contained within the permit. This resulted in an under-collection of the exaction fee in the amount of \$1,170.00 as follows:

<u>Permit Number</u>	<u>Amount Collected</u>	<u>Amount Required</u>	<u>Variance</u>
BLDR-032884-2024	<u>\$36,205.78</u>	<u>\$37,375.78</u>	<u>\$1,170.00</u>
Totals	<u>\$36,205.78</u>	<u>\$37,375.78</u>	<u>\$1,170.00</u>

SANDAG Board recommendations as of February 8, 2023 and subsequent approval states, in part:

"...the Board of Directors will be asked to approve the 4.9% adjustment to the Regional Transportation Congestion Improvement Program (RTCIP)...raising the minimum fee from \$2,741.97 to \$2,875.06 effective July 1, 2024."

Additionally, Board Policy 031, Rule #23 B.5 states in part:

"...if, however, the audit establishes a local agency did not provide its full monetary contribution under the RTCIP and the local agency does not cure defects of which it was notified by the time the audit is finalized and adopted by the ITOC, then the local agency will have forfeited its Section 4(D)(1) contribution. Any amount paid to the local agency in the fiscal year that was the subject of the audit will be retroactively owed to the Commission..."

Recommendation

We recommend that the City recover the under-collection of exaction fees in the amount of \$1,170.00 for FY25. Additionally, we recommend that the City update and collect the proper exaction fees on a yearly basis to be in compliance with the RTCIP fees.

Management Response

Management agrees with the finding and is continuing to evaluate internal controls to prevent errors in collections and is working with permitting staff to identify gaps in their collection procedures. During fiscal year 2025, the City has attempted to collect the under-collected amounts and has been unsuccessful. The City will record the

CITY OF ENCINITAS, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the TransNet Fund

Findings and Recommendations (Continued)

Year Ended June 30, 2025

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

uncollected fees as a receivable in FY25 and will complete a General Fund transfer to cover the deficit once SANDAG passes the procedure to take this action.

The City has implemented an ongoing policy, a near-term solution, and is working on implementation of a long-term solution to ensure that the proper Traffic Mitigation Fee and RTCIP Fee amounts are collected each year. In general, a formal policy has been implemented that requires staff to charge the RTCIP fee at building permit issuance. Additionally, this policy will be included as a condition of approval informing the applicant of this requirement as well. This policy change will ensure that the fee charged is consistent with the current adopted fee, reducing variability in the fees charged.

In the near term, the City has implemented a new workflow requirement to have a senior level supervisory staff member, review and approve the Traffic Mitigation Fee and RTCIP fee calculations prior to collecting a fee for permit issuance. There is also now a reporting and auditing step included for additional oversight. As a more long-term solution, the City is currently working on automating the application of the correct fees onto permit invoices moving forward. However, this is a more complex process that will require both development and testing prior to formal implementation. As such, the City is considering this a long-term solution that will be implemented once fully vetted.

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF ENCINITAS, CALIFORNIA

TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ENC14A	CS23A	FY 22/23 Annual Street Overlay	\$ 3,241	\$ -	\$ -	\$ -	\$ (3,241)	\$ -	(a)(b)
ENC14A	CS24A	FY 23/24 Annual Street Overlay	1,517	1,735,245	223	(1,742,473)	3,241	(2,247)	(b)(c)
ENC14A	CS25A	FY 24/25 Annual Street Overlay	-	157,028	20	(227,294)	-	(70,246)	(c)
Total ENC14A Projects			4,758	1,892,273	243	(1,969,767)	-	(72,493)	
Total Congestion Relief			4,758	1,892,273	243	(1,969,767)	-	(72,493)	
Total Local Street Improvements			4,758	1,892,273	243	(1,969,767)	-	(72,493)	
Total <i>TransNet</i> Extension			\$ 4,758	\$ 1,892,273	\$ 243	\$ (1,969,767)	\$ -	\$ (72,493)	

Notes:

- (a) Project is complete.
- (b) Remaining project balance of \$3,241 for CS23A was transferred to CS24A within the same MPO ID.
- (c) Funding will be requested in FY26 to remove the deficit.

SCHEDULE B

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
Congestion Relief:						
ENC14A	CS23A	FY 22/23 Annual Street Overlay	\$ 2,065,163	\$ 4,870	\$ (2,070,033)	\$ -
ENC14A	CS24A	FY 23/24 Annual Street Overlay	1,961,759	3,514	(1,967,520)	(2,247)
ENC14A	CS25A	FY 24/25 Annual Street Overlay	<u>157,028</u>	<u>20</u>	<u>(227,294)</u>	<u>(70,246)</u>
Total ENC14A Projects			<u>4,183,950</u>	<u>8,404</u>	<u>(4,264,847)</u>	<u>(72,493)</u>
Total Congestion Relief			<u>4,183,950</u>	<u>8,404</u>	<u>(4,264,847)</u>	<u>(72,493)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>4,183,950</u>	<u>8,404</u>	<u>(4,264,847)</u>	<u>(72,493)</u>
Completed Projects:						
Congestion Relief Pass-Through			88,800	-	(88,800)	-
Congestion Relief			24,987,504	50,782	(25,038,286)	-
Maintenance			1,117,046	-	(1,117,046)	-
Environmental Mitigation Grant			<u>52,744</u>	<u>-</u>	<u>(52,744)</u>	<u>-</u>
Total Completed Projects			<u>26,246,094</u>	<u>50,782</u>	<u>(26,296,876)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 30,430,044</u>	<u>\$ 59,186</u>	<u>\$ (30,561,723)</u>	<u>\$ (72,493)</u>

SCHEDULE C

CITY OF ENCINITAS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2025	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	ENC28/ENC46	\$ 125,062	\$ -	\$ (125,062)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	ENC28	151,651	-	(151,651)	-	-	-	-
Year Ended June 30, 2020	June 30, 2027	ENC28	157,055	-	(107,627)	-	-	49,428	71,403
Year Ended June 30, 2021	June 30, 2028		98,317	-	-	-	-	98,317	98,317
Year Ended June 30, 2022	June 30, 2029		89,720	-	-	-	-	89,720	89,720
Year Ended June 30, 2023	June 30, 2030		259,177	-	-	-	-	259,177	259,177
Year Ended June 30, 2024	June 30, 2031		392,499	-	-	-	-	392,499	392,499
Year Ended June 30, 2025	June 30, 2032		1,016,762	-	-	-	-	1,016,762	-
Interest Income			-	214,626	-	-	-	214,626	136,834
Total RTCIP Funds			\$ 2,290,243	\$ 214,626	\$ (384,340)	\$ -	\$ -	\$ 2,120,529	\$ 1,047,950

CITY OF ESCONDIDO, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Escondido, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: This procedure is not applicable as interest income was not reported on Schedule A.

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

Results: This procedure is not applicable as interest income was not reported on Schedule A.

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

- i. We inspected 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 \$5,488,729. We selected \$1,537,009 (28.00%) 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 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

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

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2025. The City allocates costs out of the various departments and into capital projects by using the engineering time directly charged to a project as the cost basis, and multiplying it by a set percentage associated with each department. The indirect cost percentage charged by departments varied between 0.34% and 33.23%. The City allocated a total of \$243,776 of indirect costs, or 4.44% of total *TransNet* expenditures. The City's indirect cost plan was last updated June 2024 by the Finance Director.

- g. We inspected 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, 2026.

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

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

- 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 requiring an amendment.

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$5,329,971
Less: debt service payment	<u>-</u>
Net estimated apportionment	5,329,971
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>1,598,991</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	169,548
Maintenance fund balance	<u>99,876</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>269,424</u>
Fund balance under apportionment	<u>\$1,329,567</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$169,548	\$10,381,710	\$10,551,258
Maintenance	<u>99,876</u>	<u>1,847,659</u>	<u>1,947,535</u>
Totals	<u>\$269,424</u>	<u>\$12,229,369</u>	<u>\$12,498,793</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 26.15% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$43,042,234	\$8,116,981	\$51,159,215
Maintenance	19,709,546	869,381	20,578,927
Interest	<u>41,891</u>	<u>3,243,007</u>	<u>3,284,898</u>
 Total local street and road revenue	 <u>\$62,793,671</u>	 <u>\$12,229,369</u>	 <u>\$75,023,040</u>
 30% of total local street and road revenue			\$22,506,912
Less maintenance expenditures incurred to date			<u>(19,622,065)</u>
 Available maintenance funds			<u>\$2,884,847</u>
 Cumulative percentage expended for maintenance			<u>26.15%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

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

3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$10,513,843
Less MOE base year requirement	<u>(2,111,880)</u>
Excess MOE for the year ended June 30, 2025	<u>\$8,401,963</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for FY25.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for FY25.

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

Results: This procedure is not applicable as there were no RCTIP payroll amounts charged during FY25.

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

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

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

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 22, 2025.

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

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

- 14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Project Status June 30, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ESC02A	691705	East Valley/Valley Center Road	\$ 12,542	\$ -	\$ -	\$ -	\$ (12,542)	\$ -	(a)(b)
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	(926,161)	2,220,965	-	(1,397,768)	25,868	(77,096)	(a)(c)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	7,746	-	-	-	(7,746)	-	(a)(b)
ESC08	690309	Felicita Ave/Juniper Street	-	-	-	-	-	-	(b)
ESC24	690029	Centre City/Highway 78 to Mission Ave	5,580	-	-	-	(5,580)	-	(a)(b)
ESC48	699902	Grand Ave Streetscape Improvements	(23,371)	900,000	-	(945,052)	-	(68,423)	
ESC49	699901	Quince/Tulip Pedestrian Signal	963	-	-	(963)	-	-	(b)
ESC51	698201	Comprehensive Active Transp. Strategy	(44,430)	250,000	-	(77,235)	-	128,335	
ESC56	609901	Escondido Creek Trail Bike Path Improvements	137,531	448,000	-	(610,080)	-	(24,549)	
ESC58	694401	Escondido Creek Drainage Capac	(5,324)	-	-	-	-	(5,324)	(c)
Subtotal Congestion Relief			(834,924)	3,818,965	-	(3,031,098)	-	(47,057)	
ESC38	694801	Pavement Rehabilitation FY 18	-	-	-	1,061	-	1,061	(b)(d)
ESC38	694901	Pavement Rehabilitation FY 19	7,071	-	-	-	-	7,071	(e)
ESC38	694102	Pavement Rehabilitation FY 21	-	-	-	(2,100)	2,100	-	(b)(f)
ESC38	694103	Pavement Rehabilitation FY 22	(211,709)	215,765	-	(4,056)	-	-	(b)
ESC38	694104	Pavement Rehabilitation FY 23	(238,706)	238,706	-	-	-	-	(b)
ESC38	694105	Pavement Rehabilitation FY 24	605,308	325,000	-	(970,852)	-	(40,544)	(c)
ESC38	694106	Pavement Rehabilitation FY 25	-	300,000	-	(124,290)	(2,100)	173,610	(f)
Total ESC38 Project			161,964	1,079,471	-	(1,100,237)	-	141,198	
ESC39	691901	Traffic Signals FY 19	6,950	20,000	-	(24,203)	-	2,747	
ESC39	691001	Traffic Signals FY 20	(20,114)	75,000	-	21,835	-	76,721	
ESC39	691501	Traffic Signals FY 25	-	-	-	(11,984)	-	(11,984)	(c)
Total ESC39 Project			(13,164)	95,000	-	(14,352)	-	67,484	
Interest Income			7,923	-	-	-	-	7,923	
Total Congestion Relief			(678,201)	4,993,436	-	(4,145,687)	-	169,548	

(Continued)

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Project Status June 30, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
Maintenance:									
ESC37	687101	Pavement Maintenance FY 21	\$ -	\$ -	\$ -	\$ 974	\$ -	\$ 974	(b)(d)
ESC37	687301	Pavement Maintenance FY 23	(695,735)	695,735	-	-	-	-	(b)
ESC37	687401	Pavement Maintenance FY 24	(229,378)	1,213,200	-	(983,822)	-	-	(b)
ESC37	687501	Pavement Maintenance FY 25	-	300,000	-	(204,492)	-	95,508	
Total ESC37 Project			(925,113)	2,208,935	-	(1,187,340)	-	96,482	
Interest Income			3,394	-	-	-	-	3,394	
Total Maintenance			(921,719)	2,208,935	-	(1,187,340)	-	99,876	
Total Local Street Improvements			(1,599,920)	7,202,371	-	(5,333,027)	-	269,424	
Smart Growth:									
ESC44	699601	Transit Center Active Transportation Connections	(6,890)	-	-	-	-	(6,890)	(c)(g)
ESC59	699301	General Plan Amendments SGIP	-	131,969	-	(155,702)	-	(23,733)	(c)(g)
Total Smart Growth			(6,890)	131,969	-	(155,702)	-	(30,623)	
Total <i>TransNet</i> Extension			\$ (1,606,810)	\$ 7,334,340	\$ -	\$ (5,488,729)	\$ -	\$ 238,801	

Notes:

- (a) Funds were re-programmed in FY25 towards the Citracado Parkway (ESC04) project.
- (b) Project is complete.
- (c) More project expenditures incurred in June 2025 than anticipated, drawdowns were requested in FY 2026 for ESC04, ESC38, ESC39, ESC44, ESC58, and ESC59.
- (d) An accounting adjustment was made during FY 2024/25 to record a retention payable accrual related to prior-year construction costs on a project that is now closed. Cash will be reprogrammed in the RTIP.
- (e) The project still has an open consulting agreement to perform a pavement condition survey to gather current street distress data, update the Pavement Condition Index (PCI), and update the City's street inventory.
- (f) Costs were erroneously charged to 694102 adjusting journal entry moved them to 694106.

CITY OF ESCONDIDO, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project

Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
ESC02A	691705	East Valley/Valley Center Road	\$ 5,147,875	\$ 8,686	\$ (5,156,561)	\$ -
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	8,466,470	321	(8,543,887)	(77,096)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	2,690,338	-	(2,690,338)	-
ESC08	690309	Felicita Ave/Juniper Street	750,000	-	(750,000)	-
ESC24	690029	Centre City/Highway 78 to Mission Ave	104,420	-	(104,420)	-
ESC48	699902	Grand Ave Streetscape Improvements	1,887,900	-	(1,956,323)	(68,423)
ESC49	699901	Quince/Tulip Pedestrian Signal	80,000	-	(80,000)	-
ESC51	698201	Comprehensive Active Transp. Strategy	500,000	-	(371,665)	128,335
ESC56	609901	Escondido Creek Trail Bike Path Improvements	698,000	-	(722,549)	(24,549)
ESC58	694401	Escondido Creek Drainage Capac	-	-	(5,324)	(5,324)
Subtotal Congestion Relief			<u>20,325,003</u>	<u>9,007</u>	<u>(20,381,067)</u>	<u>(47,057)</u>
ESC38	694801	Pavement Rehabilitation FY 18	2,709,453	-	(2,708,392)	1,061
ESC38	694901	Pavement Rehabilitation FY 19	684,873	-	(677,802)	7,071
ESC38	694102	Pavement Rehabilitation FY 21	-	-	-	-
ESC38	694103	Pavement Rehabilitation FY 22	1,227,959	-	(1,227,959)	-
ESC38	694104	Pavement Rehabilitation FY 23	938,706	-	(938,706)	-
ESC38	694105	Pavement Rehabilitation FY 24	1,306,701	-	(1,347,245)	(40,544)
ESC38	694106	Pavement Rehabilitation FY 25	<u>300,000</u>	<u>-</u>	<u>(126,390)</u>	<u>173,610</u>
Total ESC38 Project			<u>7,167,692</u>	<u>-</u>	<u>(7,026,494)</u>	<u>141,198</u>
ESC39	691901	Traffic Signals FY 19	140,000	-	(137,253)	2,747
ESC39	691001	Traffic Signals FY 20	1,050,000	-	(973,279)	76,721
ESC39	691501	Traffic Signals FY 25	<u>-</u>	<u>-</u>	<u>(11,984)</u>	<u>(11,984)</u>
Total ESC39 Project			<u>1,190,000</u>	<u>-</u>	<u>(1,122,516)</u>	<u>67,484</u>
Interest Income			<u>-</u>	<u>7,923</u>	<u>-</u>	<u>7,923</u>
Total Congestion Relief			<u>28,682,695</u>	<u>16,930</u>	<u>(28,530,077)</u>	<u>169,548</u>

(Continued)

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
Maintenance:						
ESC37	687101	Pavement Maintenance FY21	\$ 1,070,100	\$ -	\$ (1,069,126)	\$ 974
ESC37	687301	Pavement Maintenance FY23	1,396,799	-	(1,396,799)	-
ESC37	687401	Pavement Maintenance FY24	1,595,100	-	(1,595,100)	-
ESC37	687501	Pavement Maintenance FY25	<u>300,000</u>	<u>-</u>	<u>(204,492)</u>	<u>95,508</u>
		Total ESC37 Project	<u>4,361,999</u>	<u>-</u>	<u>(4,265,517)</u>	<u>96,482</u>
		Interest Income	<u>-</u>	<u>3,394</u>	<u>-</u>	<u>3,394</u>
		Total Maintenance	<u>4,361,999</u>	<u>3,394</u>	<u>(4,265,517)</u>	<u>99,876</u>
		Total Local Street Improvements	<u>33,044,694</u>	<u>20,324</u>	<u>(32,795,594)</u>	<u>269,424</u>
Smart Growth:						
ESC44	699601	Transit Center Active Transportation Connections	1,165,172	-	(1,172,062)	(6,890)
ESC48	699902	Grand Ave Streetscope Improvements	1,261,152	-	(1,261,152)	-
ESC59	699301	General Plan Amendments SGIP	<u>131,969</u>	<u>-</u>	<u>(155,702)</u>	<u>(23,733)</u>
		Total Smart Growth	<u>2,558,293</u>	<u>-</u>	<u>(2,588,916)</u>	<u>(30,623)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>35,602,987</u>	<u>20,324</u>	<u>(35,384,510)</u>	<u>238,801</u>
Completed Projects:						
		Congestion Relief	14,015,453	12,566	(14,028,019)	-
		Congestion Relief Pass-Through	344,086	-	(344,086)	-
		Maintenance	15,347,547	9,001	(15,356,548)	-
		Bikes and Pedestrian	<u>2,253,049</u>	<u>4,479</u>	<u>(2,257,528)</u>	<u>-</u>
		Total Completed Projects	<u>31,960,135</u>	<u>26,046</u>	<u>(31,986,181)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 67,563,122</u>	<u>\$ 46,370</u>	<u>\$ (67,370,691)</u>	<u>\$ 238,801</u>

SCHEDULE C

CITY OF ESCONDIDO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2025	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	ESC04	\$ 726,884	\$ -	\$ (726,884)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	ESC04	64,347	-	(64,347)	-	-	-	-
Year Ended June 30, 2020	June 30, 2027	ESC04	106,094	-	(106,094)	-	-	-	-
Year Ended June 30, 2021	June 30, 2028	ESC04	1,074,561	247,390	(1,321,951)	-	-	-	-
Year Ended June 30, 2022	June 30, 2029		726,410	-	(726,410)	-	-	-	-
Year Ended June 30, 2023	June 30, 2030		511,469	-	(511,469)	-	-	-	-
Year Ended June 30, 2024	June 30, 2031		1,157,972	-	(1,157,972)	-	-	-	-
Year Ended June 30, 2025	June 30, 2032		1,163,875	-	-	-	-	1,163,875	-
Interest Income			-	66,914	-	-	-	66,914	-
Total RTCIP Funds			\$ 5,531,612	\$ 314,304	\$ (4,615,127)	\$ -	\$ -	\$ 1,230,789	\$ -

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Imperial Beach, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

- ii. We inspected 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 inspected 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, net of debt service, in the amount of \$834,010. We selected \$528,331 (63.35%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

Results: This procedure is not applicable as no payroll expenditures were charged in FY25.

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP during FY25.

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

Results: This procedure is not applicable as there were no adjustments made to the projects during FY25.

- 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, 2026.

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

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

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

Fiscal year 2025 apportionment	\$898,452
Less: debt service payment	<u>(345,092)</u>
Net estimated apportionment	553,360
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>166,008</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(360,484)
Maintenance fund balance	<u>105</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(360,379)</u>
Fund balance under apportionment	<u>\$526,387</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(360,484)	\$340,034	\$(20,450)
Maintenance	<u>105</u>	<u>345,907</u>	<u>346,012</u>
Totals	<u>\$(360,379)</u>	<u>\$685,941</u>	<u>\$325,562</u>

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

Results: The City has expended 22.89% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$11,127,243	\$245,072	\$11,372,315
Maintenance	3,516,602	306,563	3,823,165
Interest	<u>40,157</u>	<u>134,306</u>	<u>174,463</u>
 Total local street and road revenue	 <u>\$14,684,002</u>	 <u>\$685,941</u>	 <u>\$15,369,943</u>
 30% of total local street and road revenue			 \$4,610,983
Less maintenance expenditures incurred to date			<u>(3,518,304)</u>
 Available maintenance funds			 <u>\$1,092,679</u>
 Cumulative percentage expended for maintenance			 <u>22.89%</u>

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

Results: The Results are summarized below:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Interest</u>	<u>Total</u>
Commercial Paper Debt Services	\$407,162	\$101,000	\$(334,736)	\$173,426	\$10,356	\$345,092

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

3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$620,346
Less MOE base year requirement	<u>(146,928)</u>
Excess MOE for the year ended June 30, 2025	<u>\$473,418</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$6,511. We selected \$2,195 (33.71%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

Results: This procedure is not applicable as there were no payroll expenditures during FY25.

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

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on September 23, 2025.

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

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

- 14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

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

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

SCHEDULE A

CITY OF IMPERIAL BEACH, CALIFORNIA

TransNet Extension Activities

Schedule of Status of Funds by Project

Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
IB12	S22101	Major Street Improvements	\$ (3,077)	\$ 72,805	\$ -	\$ (69,730)	\$ -	\$ (2)	(a)
IB21	S20112	SR-75 Signal Interconnection Project (CP)	(101,000)	101,000	-	-	-	-	(b)
IB22	S22101	9th Street Active Transportation Corridor	-	136,798	-	(262,774)	-	(125,976)	(a)
IB23	S22107	10th St. Streetscape Enhancement Project	(312,854)	312,854	-	-	-	-	(b)
IB24	S22109	Palm Avenue ATP	-	-	-	(234,506)	-	(234,506)	(a)
		Commercial Paper Debt Service	-	345,092	-	(345,092)	-	-	
		Total Congestion Relief	(416,931)	968,549	-	(912,102)	-	(360,484)	
Maintenance:									
IB02	N/A	Street Maintenance - Operations	104	267,000	1	(267,000)	-	105	
		Total Maintenance	104	267,000	1	(267,000)	-	105	
		Total Local Street Improvements	(416,827)	1,235,549	1	(1,179,102)	-	(360,379)	
		Total TransNet Extension	(416,827)	1,235,549	1	(1,179,102)	-	(360,379)	
		GASB 31 Market Value Adjustment	2,722	-	-	-	-	2,722	
		Total TransNet Extension after GASB 31 Adjustment	(414,105)	1,235,549	1	(1,179,102)	-	(357,657)	
Non-TransNet									
IB22	S22101	9th St. Active Transportation Corridor	(12,916)	2,491,915	-	(2,364,782)	-	114,217	
IB23	S22107	10th St. Streetscape Grant (Clean CA)	-	-	-	-	-	-	(b)
IB24	S22109	Palm Avenue ATP	-	51,597	-	(150,000)	-	(98,403)	(a)
		Total Non-TransNet	(12,916)	2,543,512	-	(2,514,782)	-	15,814	
		Total TransNet Extension after GASB 31 Adjustment and Non-TransNet	\$ (427,021)	\$ 3,779,061	\$ 1	\$ (3,693,884)	\$ -	\$ (341,844)	

Notes:

(a) The City will request drawdown/ reimbursement in FY26 to address the deficit.

(b) Project is complete

SCHEDULE B

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
IB12	S22101	Major Street Improvements	\$ 6,884,758	\$ 38,350	\$ (6,923,110)	\$ (2)
IB21	S20112	SR-75 Signal Interconnection Project	600,000	-	(600,000)	-
IB22	S22101	9th Street Active Transportation Corridor	136,798	-	(262,774)	(125,976)
IB23	S22107	10th St. Streetscape Enhancement Project	420,990	-	(420,990)	-
IB24	S22109	Palm Avenue ATP	-	-	(234,506)	(234,506)
		Commercial Paper Debt Services	1,784,688	-	(1,784,688)	-
		Total Congestion Relief	9,827,234	38,350	(10,226,068)	(360,484)
Maintenance:						
IB02	N/A	Street Maintenance - Operations	3,499,225	1,807	(3,500,927)	105
		Total Maintenance	3,499,225	1,807	(3,500,927)	105
		Total Local Street Improvements	13,326,459	40,157	(13,726,995)	(360,379)
Completed Projects:						
		Congestion Relief	1,300,009	-	(1,300,009)	-
		Maintenance	17,377	-	(17,377)	-
		Smart Growth Grant	795,281	-	(795,281)	-
		Bicycles and Pedestrian	1,800,000	-	(1,800,000)	-
		Active Transport Grants	50,000	-	(50,000)	-
		Total Completed Projects	3,962,667	-	(3,962,667)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 17,289,126	\$ 40,157	\$ (17,689,662)	\$ (360,379)

SCHEDULE C

CITY OF IMPERIAL BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Cumulative									
Project Year	Last Date to Commit funds	MPO ID	Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2025	Cumulative Status	
								June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	IB11	\$ 352,277	\$ -	\$ (352,277)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	IB11	38,178	-	(38,178)	-	-	-	-
Year Ended June 30, 2020	June 30, 2027	IB11	61,329	-	(61,329)	-	-	-	-
Year Ended June 30, 2021	June 30, 2028	IB11	25,838	-	(25,838)	-	-	-	-
Year Ended June 30, 2022	June 30, 2029	IB11	31,626	-	(31,626)	-	-	-	-
Year Ended June 30, 2023	June 30, 2030	IB11	48,388	-	(48,388)	-	-	-	-
Year Ended June 30, 2024	June 30, 2031		46,613	-	(6,644)	-	-	39,969	46,480
Year Ended June 30, 2025	June 30, 2032		54,227	-	-	-	-	54,227	-
Interest Income			-	17,515	-	-	-	17,515	17,002
Total RTCIP Funds			658,476	17,515	(564,280)	-	-	111,711	63,482
GASB 31 Market Value Adjustment			-	379	-	-	-	379	3,017
Total RTCIP Funds			<u>\$ 658,476</u>	<u>\$ 17,894</u>	<u>\$ (564,280)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,090</u>	<u>\$ 66,499</u>

CITY OF LA MESA, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of La Mesa, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income reported on Schedule A in FY25.

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

Results: This procedure is not applicable as there was no interest income reported on Schedule A in FY25.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We inspected 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 \$2,379,861. We selected \$983,842 (41.34%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.
- Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.
- Results: This procedure is not applicable as there were no payroll expenditures identified during FY25.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect

cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

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

- g. We inspected 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, 2026.

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

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

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

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$2,208,308
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,208,308
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>662,492</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(1,090,768)
Maintenance fund balance	<u>(386,926)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,477,694)</u>
Fund balance under apportionment	<u>\$2,140,186</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,090,768)	\$2,241,937	\$1,151,169
Maintenance	<u>(386,926)</u>	<u>3,968,541</u>	<u>3,581,615</u>
Totals	<u>\$(1,477,694)</u>	<u>\$6,210,478</u>	<u>\$4,732,784</u>

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

Results: The City has expended 16.46% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$24,251,251	\$1,575,886	\$25,827,137
Maintenance	5,537,347	3,682,502	9,219,849
Interest	<u>700</u>	<u>952,090</u>	<u>952,789</u>
 Total local street and road revenue	 <u>\$29,789,298</u>	 <u>\$6,210,478</u>	 <u>\$35,999,775</u>
 30% of total local street and road revenue			\$10,799,933
Less maintenance expenditures incurred to date			<u>(5,924,465)</u>
 Available maintenance funds			<u>\$4,875,468</u>
 Cumulative percentage expended for maintenance			<u>16.46%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient

agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$69,393,734</u>	<u>\$55,621,249</u>	<u>1.25</u>

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

Results: The lowest growth rate is 1.25.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,274,724
Growth Rate	<u>1.25</u>
Adjusted MOE base as of June 30, 2024	<u>\$1,593,405</u>

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

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$7,315,822
Less MOE base year requirement	<u>(1,274,724)</u>
Excess MOE for the year ended June 30, 2025	<u>\$6,041,098</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$392,150. We selected \$270,364 (68.94%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

Results: This procedure is not applicable as there were no RTCIP payroll expenditures identified during FY25.

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

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 28, 2025.

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarrLLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"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, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LAM34	2232TR	Street Lights/ OH Utilities 23	\$ (82,183)	\$ 87,129	\$ -	\$ (4,947)	\$ -	\$ (1)	(a)
LAM37	2223TR	Traffic Signal Upgrades 22	-	-	-	(981)	-	(981)	(a)
LAM37	2233TR	Traffic Signal Upgrades 23	(14,164)	15,146	-	(10,982)	-	(10,000)	(a)
LAM37	2243TR	Traffic Signal Upgrades 24	(23,988)	38,677	-	(54,792)	-	(40,103)	(a)
Total LAM37 Projects			(38,152)	53,823	-	(66,755)	-	(51,084)	
LAM39	2204TR	Traffic Calming Program 20	2	-	-	(1,472)	-	(1,470)	(a)
LAM39	2214TR	Traffic Calming Program 21	(23,702)	37,380	-	(26,298)	-	(12,620)	(a)
LAM39	2224TR	Traffic Calming Program 22	-	-	-	(23,768)	-	(23,768)	(a)
Total LAM39 Projects			(23,700)	37,380	-	(51,538)	-	(37,858)	
LAM40	2205TR	Street Construction 20	6	-	-	-	(6)	-	(b)
LAM40	2215TR	Street Construction 21	(33,065)	48,527	-	(15,462)	-	-	(b)
LAM40	2225TR	Street Construction 22	(13,379)	13,375	-	-	4	-	
LAM40	2235TR	Street Construction 23	(14,847)	370,623	-	(355,776)	-	-	
LAM40	2245TR	Street Construction 24	(91,326)	450,000	-	(358,674)	-	-	(b)
LAM40	2255TR	Street Construction 25	-	600	-	(1,000)	2	(398)	(a)
Total LAM40 Projects			(152,611)	883,125	-	(730,912)	-	(398)	
LAM44	4210TR	Roadway Drainage Improvements 21	19	-	-	(53,630)	-	(53,611)	(a)
LAM44	4221TR	Roadway Drainage Improvements 22	(25,225)	25,225	-	(312,775)	-	(312,775)	(a)
LAM44	4231TR	Roadway Drainage Improvements 23	-	-	-	(325,000)	-	(325,000)	(a)
LAM44	4241TR	Roadway Drainage Improvements 24	(24,238)	84,537	-	(261,746)	-	(201,447)	(a)
LAM44	4251TR	Roadway Drainage Improvements 25	-	80,877	-	(146,965)	-	(66,088)	(a)
Total LAM44 Projects			(49,444)	190,639	-	(1,100,116)	-	(958,921)	
LAM46	2256TR	Regional Arterial Management Systems	-	-	-	(7,400)	-	(7,400)	(a)
LAM52	2239TR	LM Bike & Sidewalk 23	(43,324)	49,494	-	(6,170)	-	-	
LAM52	2247TR	LM Bike & Sidewalk 24	-	-	-	(33,370)	-	(33,370)	(a)
Total LAM52 Projects			(43,324)	49,494	-	(39,540)	-	(33,370)	
LAM58	225DTR	Tower St Mobility Access Imp 25	-	-	-	(2,244)	-	(2,244)	(a)
Interest Income			508	-	-	-	-	508	
Total Congestion Relief			(388,906)	1,301,590	-	(2,003,452)	-	(1,090,768)	

(Continued)

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
Maintenance:									
LAM31	General Fund	Street Maintenance	\$ (150,000)	\$ 150,000	\$ -	\$ (150,000)	\$ -	\$ (150,000)	(a)
LAM32	2219TR	Pavement Mgmt System	-	36,737	-	(43,121)	-	(6,384)	(a)
LAM33	2201TR	Curb, Gutter, Sidewalk 20	(33,570)	33,570	-	-	-	-	(b)
LAM33	2211TR	Curb, Gutter, Sidewalk 21	(72,870)	72,870	-	(689)	-	(689)	(a)
LAM33	2221TR	Curb, Gutter, Sidewalk 22	(70,568)	33,580	-	(1,420)	-	(38,408)	(a)
LAM33	2231TR	Curb, Gutter, Sidewalk 23	(29,460)	19,002	-	-	-	(10,458)	(a)
LAM33	2241TR	Curb, Gutter, Sidewalk 24	(185,973)	185,973	-	(4,027)	-	(4,027)	(a)
LAM33	2251TR	Curb, Gutter, Sidewalk 25	-	-	-	(177,152)	-	(177,152)	(a)
Total LAM33 Projects			(392,441)	344,995	-	(183,288)	-	(230,734)	
Interest Income			192	-	-	-	-	192	
Total Maintenance			(542,249)	531,732	-	(376,409)	-	(386,926)	
Total Local Street Improvements			(931,155)	1,833,322	-	(2,379,861)	-	(1,477,694)	
Senior Mini-Grants:									
LAM27	212001	La Mesa Rides4Neighbors	(2,433)	-	-	-	-	(2,433)	(b)
Total Senior Mini-Grants			(2,433)	-	-	-	-	(2,433)	
Smart Growth Grant									
LAM47	2168OT	North Spring Street	-	-	-	-	-	-	(b)
LAM49	220EOT	Complete Streets Design Manual	14	-	-	-	-	14	
Total Smart Growth Grant			14	-	-	-	-	14	
Total <i>TransNet</i> Extension			\$ (933,574)	\$ 1,833,322	\$ -	\$ (2,379,861)	\$ -	\$ (1,480,113)	

Notes:

- (a) This is a reimbursable funding source and expenditures are expected to be in excess of funding while the project is active.
- (b) Project Completed in FY25.

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
LAM34	2232TR	Street Lights/ OH Utilities 23	\$ 166,525	\$ -	\$ (166,526)	\$ (1)
LAM37	2223TR	Traffic Signal Upgrades 22	99,014	-	(99,995)	(981)
LAM37	2233TR	Traffic Signal Upgrades 23	143,273	-	(153,273)	(10,000)
LAM37	2243TR	Traffic Signal Upgrades 24	47,487	-	(87,590)	(40,103)
Total LAM 37 Projects			289,774	-	(340,858)	(51,084)
LAM39	2204TR	Traffic Calming Program 20	92,760	-	(94,230)	(1,470)
LAM39	2214TR	Traffic Calming Program 21	37,380	-	(50,000)	(12,620)
LAM39	2224TR	Traffic Calming Program 22	-	-	(23,768)	(23,768)
Total LAM 39 Projects			130,140	-	(167,998)	(37,858)
LAM40	2205TR	Street Construction 20	268,967	-	(268,967)	-
LAM40	2215TR	Street Construction 21	157,995	-	(157,995)	-
LAM40	2225TR	Street Construction 22	252,000	-	(252,000)	-
LAM40	2235TR	Street Construction 23	372,423	-	(372,423)	-
LAM40	2245TR	Street Construction 24	450,000	-	(450,000)	-
LAM40	2255TR	Street Construction 25	602	-	(1,000)	(398)
Total LAM40 Projects			1,501,987	-	(1,502,385)	(398)
LAM44	4210TR	Roadway Drainage Improvements 21	258,391	-	(312,002)	(53,611)
LAM44	4221TR	Roadway Drainage Improvements 22	25,225	-	(338,000)	(312,775)
LAM44	4231TR	Roadway Drainage Improvements 23	-	-	(325,000)	(325,000)
LAM44	4241TR	Roadway Drainage Improvements 24	84,537	-	(285,984)	(201,447)
LAM44	4251TR	Roadway Drainage Improvements 25	80,877	-	(146,965)	(66,088)
Total LAM44 Projects			449,030	-	(1,407,951)	(958,921)
Subtotal Congestion Relief			\$ 2,537,456	\$ -	\$ (3,585,718)	\$ (1,048,262)

(Continued)

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
		Balance carried forward - Congestion Relief	\$ 2,537,456	\$ -	\$ (3,585,718)	\$ (1,048,262)
LAM46	2256TR	Regional Arterial Management Systems	88,800	-	(96,200)	(7,400)
LAM52	2239TR	LM Bike & Sidewalk	49,494	-	(49,494)	-
LAM52	2247TR	LM Bike & Sidewalk	-	-	(33,370)	(33,370)
		Total LAM52 Projects	49,494	-	(82,864)	(33,370)
LAM58	225DTR	Tower St Mobility Access Imp 25	-	-	(2,244)	(2,244)
		Interest Income	-	508	-	508
		Total Congestion Relief	2,675,750	508	(3,767,026)	(1,090,768)
Maintenance:						
LAM31	General Fund	Street Maintenance	1,808,281	-	(1,958,281)	(150,000)
LAM32	2219TR	Pavement Management System	36,737	-	(43,121)	(6,384)
LAM33	2201TR	Curb, Gutter, Sidewalk 20	193,001	-	(193,001)	-
LAM33	2211TR	Curb, Gutter, Sidewalk 21	199,315	-	(200,004)	(689)
LAM33	2221TR	Curb, Gutter, Sidewalk 22	161,594	-	(200,002)	(38,408)
LAM33	2231TR	Curb, Gutter, Sidewalk 23	114,543	-	(125,001)	(10,458)
LAM33	2241TR	Curb, Gutter, Sidewalk 24	185,973	-	(190,000)	(4,027)
LAM34	2241TR	Curb, Gutter, Sidewalk 25	-	-	(177,152)	(177,152)
		Total LAM33 Projects	854,426	-	(1,085,160)	(230,734)
		Interest Income	-	192	-	192
		Total Maintenance	2,699,444	192	(3,086,562)	(386,926)
		Total Local Street Improvements	\$ 5,375,194	\$ 700	\$ (6,853,588)	\$ (1,477,694)

(Continued)

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
Senior Mini-Grants:						
LAM27	212001	La Mesa Rides4Neighbors	\$ 1,464,063	\$ -	\$ (1,466,496)	\$ (2,433)
		Total Senior Mini-Grants	<u>1,464,063</u>	<u>-</u>	<u>(1,466,496)</u>	<u>(2,433)</u>
Smart Growth Grant						
LAM47	302168OT	North Spring Street	992,502	-	(992,502)	-
LAM49	30220EOT	Complete Streets Design Manual	<u>169,802</u>	<u>-</u>	<u>(169,788)</u>	<u>14</u>
		Total Smart Growth	<u>1,162,304</u>	<u>-</u>	<u>(1,162,290)</u>	<u>14</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>\$ 8,001,561</u>	<u>\$ 700</u>	<u>\$ (9,482,374)</u>	<u>\$ (1,480,113)</u>
Completed Projects:						
		Local Street Improvements				
		Congestion Relief	\$ 21,575,501	\$ -	\$ (21,575,501)	-
		Maintenance	2,837,903	-	(2,837,903)	-
		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>26,862,404</u>	<u>-</u>	<u>(26,862,404)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 34,863,965</u>	<u>\$ 700</u>	<u>\$ (36,344,778)</u>	<u>\$ (1,480,113)</u>

SCHEDULE C

CITY OF LA MESA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2025

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, 2025	June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025		\$ 382,078	\$ -	\$ (382,078)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026		519,185	-	(519,185)	-	-	-	-
Year Ended June 30, 2020	June 30, 2027		572,799	-	(572,799)	-	-	-	-
Year Ended June 30, 2021	June 30, 2028		2,533	-	(2,533)	-	-	-	-
Year Ended June 30, 2022	June 30, 2029		187,061	-	(187,061)	-	-	-	153,028
Year Ended June 30, 2023	June 30, 2030		212,948	-	(212,948)	-	-	-	212,948
Year Ended June 30, 2024	June 30, 2031		238,551	-	(26,174)	-	-	212,377	238,551
Year Ended June 30, 2025	June 30, 2032		503,311	-	-	-	-	503,311	-
Interest Income			-	49,900	-	-	-	49,900	43,881
Total RTCIP Funds			<u>\$ 2,618,466</u>	<u>\$ 49,900</u>	<u>\$ (1,902,778)</u>	<u>-</u>	<u>-</u>	<u>\$ 765,588</u>	<u>\$ 648,408</u>

CITY OF LEMON GROVE, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Lemon Grove, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

- ii. We inspected 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 inspected 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 \$2,318,638. We selected \$1,331,733 (57.44%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

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

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City has a formal cost allocation plan that was adopted by City Council in June of 2019. The cost allocation plan charges a percentage of payroll and positions charged to the *TransNet* fund. In FY25, salaries and benefits charged to the *TransNet* fund were \$45,452. In addition, portion of payments for services made to the City Engineer, Rick Engineering, was allocated to the *TransNet* program to reflect the time the Engineer spent working on *TransNet* projects, such as the annual road repaving program and storm drain design. In FY25, this expenditure totaled \$45,015. In total, the City allocated \$90,467 of indirect costs to the *TransNet* program, which represents 3.90% of total *TransNet* expenditures during FY25. The overhead costs are then allocated to the Congestion Relief and Preventative Maintenance projects based on actual expense for the current year.

- g. We inspected 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, 2026.

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

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

- 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 have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$1,014,114
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,014,114
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>304,234</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	504,515
Maintenance fund balance	<u>309,174</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>813,689</u>
Fund balance over apportionment	<u>\$509,455</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	<u>Funds Held by City</u>	<u>Funds Held by SANDAG</u>	<u>Total</u>
Congestion Relief	\$504,515	\$636,706	\$1,141,221
Maintenance	<u>309,174</u>	<u>324,597</u>	<u>633,771</u>
Totals	<u>\$813,689</u>	<u>\$961,303</u>	<u>\$1,774,992</u>

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

Results: The City has expended 25.12% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$ 8,711,407	\$ 356,333	\$ 9,067,740
Maintenance	3,662,169	204,713	3,866,882
Interest	<u>16,779</u>	<u>400,257</u>	<u>417,036</u>
Total local street and road revenue	<u>\$12,390,355</u>	<u>\$ 961,303</u>	<u>\$13,351,658</u>
30% of total local street and road revenue			\$4,005,497
Less maintenance expenditures incurred to date			<u>(3,353,461)</u>
Available maintenance funds			<u>\$ 652,036</u>
Cumulative percentage expended for maintenance			<u>25.12%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

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

1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$1,795,636
Less MOE base year requirement	<u>(127,907)</u>
Excess MOE for the year ended June 30, 2025	<u>\$1,667,729</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 during FY25.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not incur any RTCIP expenditures during FY25.

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

Results: This procedure is not applicable as RCTIP payroll amounts did not exceed the 20% threshold during FY25.

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

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 3, 2025.

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

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

- 14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

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

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

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	\$ 2,580	\$ 693,083	\$ -	\$ (407,309)	\$ -	\$ 288,354	
LG20	7300	Street Improvements - Congestion Relief	3,610	994,936	-	(782,617)	-	215,929	
		Interest Income	64	-	168	-	-	232	
		Total Congestion Relief	6,254	1,688,019	168	(1,189,926)	-	504,515	
Maintenance:									
LG14	7310	Traffic Improvements - Preventive Maintenance	(158,976)	245,000	-	(77,533)	48	8,539	(a)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	(74,982)	105,000	-	(52,339)	20	(22,301)	(a) (b)
LG17	7150	Street Improvements - Preventive Maintenance	(28,625)	380,000	-	(28,497)	8	322,886	(a)
		Interest Income	28	-	22	-	-	50	
		Total Maintenance	(262,555)	730,000	22	(158,369)	76	309,174	
		Total Local Street Improvements	(256,301)	2,418,019	190	(1,348,295)	76	813,689	
Smart Growth Grant:									
LG26	7340	Connect Main St	(590,353)	1,317,275	-	(970,343)	-	(243,421)	(c)
		Total Smart Growth Grant	(590,353)	1,317,275	-	(970,343)	-	(243,421)	
Total <i>TransNet</i> Extension			\$ (846,654)	\$ 3,735,294	\$ 190	\$ (2,318,638)	\$ 76	\$ 570,268	

Notes:

(a) Adjustments made by the City to reflect additional FY24 expenditures and interest income.

(b) The City will request reallocation of funding from another project to cure the deficit.

(c) The City submitted the close-out invoice in October 2025 for reimbursement, which will partially cure the deficit. The remainder of the deficit includes the 10% retention, which will be released in the near future upon all the grant requirements are verified to be satisfactory.

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	\$ 1,789,657	\$ 2,931	\$ (1,504,234)	\$ 288,354
LG20	7300	Street Improvements - Congestion Relief	5,333,330	646	(5,118,047)	215,929
		Interest Income	-	232	-	232
		Total Congestion Relief	7,122,987	3,809	(6,622,281)	504,515
Maintenance:						
LG14	7310	Traffic Improvements - Preventive Maintenance	1,730,492	172	(1,722,125)	8,539
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	786,688	144	(809,133)	(22,301)
LG17	7150	Street Improvements - Preventive Maintenance	1,144,989	100	(822,203)	322,886
		Interest Income	-	50	-	50
		Total Maintenance	3,662,169	466	(3,353,461)	309,174
		Total Local Street Improvements	10,785,156	4,275	(9,975,742)	813,689
Smart Growth Grant:						
LG26	7340	Connect Main St	1,874,848	-	(2,118,269)	(243,421)
		Total Smart Growth Grant	1,874,848	-	(2,118,269)	(243,421)
		Subtotal Cumulative <i>TransNet</i> Extension	12,660,004	4,275	(12,094,011)	570,268
Completed Projects:						
		Congestion Relief	1,588,420	12,504	(1,600,924)	-
		Smart Growth Grant	3,275,001	-	(3,275,001)	-
		Total Completed Projects	4,863,421	12,504	(4,875,925)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 17,523,425	\$ 16,779	\$ (16,969,936)	\$ 570,268

CITY OF LEMON GROVE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2025	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	LG 13	\$ 50,484	\$ 5,909	\$ (56,393)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	LG 13	52,888	2,012	(54,900)	-	-	-	-
Year Ended June 30, 2020	June 30, 2027		40,351	-	(10,103)	-	-	30,248	30,248
Year Ended June 30, 2021	June 30, 2028		35,229	-	-	-	-	35,229	35,229
Year Ended June 30, 2022	June 30, 2029		259,986	-	-	-	-	259,986	259,986
Year Ended June 30, 2023	June 30, 2030		144,437	-	-	-	-	144,437	144,437
Year Ended June 30, 2024	June 30, 2031		194,680	-	-	-	-	194,680	194,680
Year Ended June 30, 2025	June 30, 2032		5,750	-	-	-	-	5,750	-
Interest Income			-	58,190	-	-	-	58,190	27,108
Total RTCIP Funds			<u>\$ 783,805</u>	<u>\$ 66,111</u>	<u>\$ (121,396)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 728,520</u>	<u>\$ 691,688</u>

CITY OF NATIONAL CITY, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of National City, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: This procedure is not applicable as no interest income was reported on Schedule A.

- ii. We inspected 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 no interest income was reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We inspected 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 \$2,236,198. We selected \$814,716 (36.43%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.
- Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.
- Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects in FY25.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect

cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as the City did not allocate indirect costs to *TransNet* projects in FY25.

- g. We inspected 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, 2026.

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

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: There are four projects that have been inactive over the past two years. The City indicated that for projects NC29, NC34, and NC35, "These projects have been completed and a final reimbursement will be requested in FY26 to close out the projects." The City stated that for project NC40 "NC40 became NC52 at the request of SANDAG in FY25. This project is expected to resume in FY26." The status of these projects has been added to Schedule A.

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

Results: SANDAG approved the reason for the inactivity on February 12, 2026.

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

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

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$1,958,679
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,958,679
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>587,604</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(2,744,837)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(2,744,837)</u>
Fund balance under apportionment	<u>\$3,332,441</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(2,744,837)	\$299,416	\$(2,445,421)
Maintenance	<u>-</u>	<u>8,098,651</u>	<u>8,098,651</u>
Totals	<u>\$(2,744,837)</u>	<u>\$8,398,067</u>	<u>\$5,653,230</u>

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

Results: The City has expended 0.00% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$22,208,332	\$(642,604)	\$21,565,728
Maintenance	-	7,720,371	7,720,371
Interest	<u>53,807</u>	<u>1,320,300</u>	<u>1,374,107</u>
 Total local street and road revenue	 <u>\$22,262,139</u>	 <u>\$8,398,067</u>	 <u>\$30,660,206</u>
 30% of total local street and road revenue			 \$9,198,062
Less maintenance expenditures incurred to date			 <u>-</u>
 Available maintenance funds			 <u>\$9,198,062</u>
 Cumulative percentage expended for maintenance			 <u>0.00%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

- a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$73,969,629</u>	<u>\$65,018,006</u>	<u>1.14</u>

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

Results: The lowest growth rate is 1.14.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,278,879
Growth Rate	<u>1.14</u>
Adjusted MOE base as of June 30, 2024	<u>\$1,457,922</u>

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

2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$3,165,613
Less MOE base year requirement	<u>(1,278,879)</u>
Excess MOE for the year ended June 30, 2025	<u>\$1,886,734</u>

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

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

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

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

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

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

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

Results: The City is not in compliance with the RTCIP exaction fee requirement. See Finding 1 in the Findings and Recommendation section of the report.

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$191,123. We selected \$86,301 (45.15%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

Results: This procedure is not applicable as the City did not incur payroll expenditures for RTCIP projects in FY25.

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

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 17, 2025.

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

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

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

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

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

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

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

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

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

CITY OF NATIONAL CITY, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2025

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

Per review of the City's exaction fee collections for the year ended June 30, 2025, the City did not consistently collect the required exaction fee amount of \$2,875.06 for eight permit applications. There were eight permits issued in FY 25 where the exaction fees collected were incorrect when compared to the required exaction fee amount of \$2,875.06. This resulted in an under-collection of the exaction fees in the amount of \$6,060.37 as follows:

<u>Permit #</u>	<u>Units</u>	<u>Amount Required</u>	<u>Amount Charged</u>	<u>Variance</u>
46731	1	\$2,875.06	\$2,016.15	\$858.91
46732	1	2,875.06	2,016.15	858.91
46733	1	2,875.06	2,016.15	858.91
46734	1	2,875.06	2,016.15	858.91
46735	1	2,875.06	2,016.15	858.91
46736	1	2,875.06	2,016.15	858.91
46737	1	2,875.06	2,016.15	858.91
BD23-00574	<u>48</u>	<u>138,002.88</u>	<u>137,954.88</u>	<u>48.00</u>
Totals	<u>55</u>	<u>\$158,128.30</u>	<u>\$152,067.93</u>	<u>\$6,060.37</u>

SANDAG Board recommendations as of February 14, 2024 and subsequent approval states, in part:

"The Regional Transportation Congestion Improvement Program (RTCIP) fee would increase from \$2,741.97 to \$2,875.06 beginning July 1, 2024."

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 \$6,060.37. 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 NATIONAL CITY, CALIFORNIA

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

Findings and Recommendations (Continued)

Year Ended June 30, 2025

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

Management Response

The City acknowledges the finding and has planned corrective actions to ensure the issue is not repeated in subsequent years. Moving forward, Transportation Development Impact Fees (TDIF) will be verified for accuracy prior to issuance. The discrepancy associated with the 1628 Orange Ave project (seven permits) appears to be an isolated issue resulting from data migration from the previous permitting system. The remaining exception noted in the amount of \$48.00 was due to a typographical error in the fee calculation which was repeated in each of the 48 units associated with the project. Staff have since been directed to manually verify all fee calculations before invoices are issued.

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

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

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

SCHEDULE A

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
NC03	6035	Street Resurfacing Project	\$ (1,599,765)	\$ -	\$ -	\$ (779,356)	\$ (4,920)	\$ (2,384,041)	(a)(b)
NC04	6558	Traffic Signal Install/Upgrade	40,638	-	-	(159,272)	-	(118,634)	(a)
NC15	6166	Citywide Safe Routes to School	(242,162)	-	-	-	-	(242,162)	(a)
Total Congestion Relief			(1,801,289)	-	-	(938,628)	(4,920)	(2,744,837)	
Total Local Street Improvements			(1,801,289)	-	-	(938,628)	(4,920)	(2,744,837)	
Smart Growth:									
NC29	6604	24th Street TOD Overlay	(56,184)	-	-	-	-	(56,184)	(c)
NC36	6605	Roosevelt Ave Corridor	13,637	-	-	-	-	13,637	
NC37	6606	Sweetwater Rd Protected Bikeway	(565,683)	621,889	-	-	-	56,206	
NC43	478	Together We Plan National City	(29,447)	-	-	-	-	(29,447)	(d)
Total Smart Growth			(637,677)	621,889	-	-	-	(15,788)	
Active Transportation Grant - Bike and Pedestrian:									
NC34	6603	Waterfront To Homefront Connectivity	(12,447)	-	-	-	-	(12,447)	(c)
NC35	6602	National City Bike Parking Enhancements	(1,801)	-	-	-	-	(1,801)	(c)
NC38	1925	National City Bike Wayfinding	(100,769)	-	-	(416,634)	-	(517,403)	(d)
NC39	6588	Central Community Mobility Enhancements	(144,168)	-	-	(789,687)	-	(933,855)	(d)
NC40/NC52	6610	Bayshore Bikeway - Segment 5	(38,624)	-	-	-	-	(38,624)	(e)
NC42	6608	Highland Ave Inter-City Bike Connection	(219,019)	-	-	(91,249)	-	(310,268)	(d)
Total Bike and Pedestrian			(516,828)	-	-	(1,297,570)	-	(1,814,398)	
Total <i>TransNet</i> Extension			\$ (2,955,794)	\$ 621,889	\$ -	\$ (2,236,198)	\$ (4,920)	\$ (4,575,023)	

Notes:

- (a) The City will request a drawdown to remove the deficit in FY26.
- (b) Adjustment reflects previously unreported expenditures from FY24.
- (c) Grant complete. City will request a final drawdown to close out the project in FY26.
- (d) Engineering Department will conduct a review of this account and will request a reimbursement in FY26.
- (e) Project NC40 became Project NC52 in FY25, per request from SANDAG. Activity for this project is expected to resume in FY26.

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
NC03	6035	Street Resurfacing Project	\$ 11,913,110	\$ 7,183	\$ (14,304,334)	\$ (2,384,041)
NC04	6558	Traffic Signal Install/Upgrade	2,326,233	22,118	(2,466,985)	(118,634)
NC15	6166	Citywide Safe Routes to School Tax	<u>3,101,700</u>	<u>13,415</u>	<u>(3,357,277)</u>	<u>(242,162)</u>
		Total Congestion Relief	<u>17,341,043</u>	<u>42,716</u>	<u>(20,128,596)</u>	<u>(2,744,837)</u>
		Total Local Street Improvements	<u>17,341,043</u>	<u>42,716</u>	<u>(20,128,596)</u>	<u>(2,744,837)</u>
Smart Growth:						
NC29	6604	24th Street TOD Overlay	446,426	-	(502,610)	(56,184)
NC36	6605	Roosevelt Ave Corridor	2,079,999	-	(2,066,362)	13,637
NC37	6606	Sweetwater Rd Protected Bikeway	2,250,001	-	(2,193,795)	56,206
NC43	478	Together We Plan National City	<u>265,030</u>	<u>-</u>	<u>(294,477)</u>	<u>(29,447)</u>
		Total Smart Growth	<u>5,041,456</u>	<u>-</u>	<u>(5,057,244)</u>	<u>(15,788)</u>
Bike and Pedestrian:						
NC34	6603	Waterfront To Homefront Connectivity	185,554	-	(198,001)	(12,447)
NC35	6604	National City Bike Parking Enhancements	46,072	-	(47,873)	(1,801)
NC38	1925	National City Bike Wayfinding	-	-	(517,403)	(517,403)
NC39	6588	Central Community Mobility Enhancements	-	-	(933,855)	(933,855)
NC40/NC52	6610	Bayshore Bikeway - Segment 5	-	-	(38,624)	(38,624)
NC42	6608	Highland Ave Inter-City Bike Connection	<u>-</u>	<u>-</u>	<u>(310,268)</u>	<u>(310,268)</u>
		Total Bike and Pedestrian	<u>231,626</u>	<u>-</u>	<u>(2,046,024)</u>	<u>(1,814,398)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>22,614,125</u>	<u>42,716</u>	<u>(27,231,864)</u>	<u>(4,575,023)</u>

(Continued)

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
		Completed Projects:				
		Congestion Relief	\$ 4,867,289	\$ 11,091	\$ (4,878,380)	\$ -
		Smart Growth	7,145,000	-	(7,145,000)	-
		Bikes and Pedestrian	<u>1,806,861</u>	<u>-</u>	<u>(1,806,861)</u>	<u>-</u>
		Total Completed Projects	<u>13,819,150</u>	<u>11,091</u>	<u>(13,830,241)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 36,433,275</u>	<u>\$ 53,807</u>	<u>\$ (41,062,105)</u>	<u>\$ (4,575,023)</u>

SCHEDULE C

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024	
Year ended June 30, 2018	June 30, 2025	NC01	\$ 494,561	\$ -	\$ (372,811)	\$ -	\$ 121,750	\$ 121,750	\$ 312,873	(a)
Year ended June 30, 2019	June 30, 2026		141,430	-	-	-	141,430	141,430	141,430	
Year ended June 30, 2020	June 30, 2027		1,061,746	-	-	-	360,866	1,061,746	1,061,746	
Year ended June 30, 2021	June 30, 2028		136,652	-	-	-	-	136,652	136,652	
Year ended June 30, 2022	June 30, 2029		220,926	-	-	-	-	220,926	220,926	
Year ended June 30, 2023	June 30, 2030		260,790	-	-	-	-	260,790	260,790	
Year ended June 30, 2024	June 30, 2031		71,387	-	-	-	-	71,387	71,387	
Year ended June 30, 2025	June 30, 2032		179,178	-	-	-	-	179,178	-	
Interest Income			-	199,994	-	-	-	199,994	120,708	
Subtotal RTCIP Funds			2,566,670	199,994	(372,811)	-	624,046	2,393,853	2,326,512	
GASB 31 Market Value Adjustment			-	28,255	-	-	-	28,255	47,793	
Total RTCIP Funds			\$ 2,566,670	\$ 228,249	\$ (372,811)	\$ -	\$ 624,046	\$ 2,422,108	\$ 2,374,305	

Notes:

(a) Allowable RTCIP expenditures are expected to continue in FY26 to utilize available funding.

CITY OF OCEANSIDE, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Oceanside, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

- ii. We inspected 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 inspected 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 \$3,927,992. We selected \$1,861,410 (47.39%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

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

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2025. The City's indirect cost plan was last approved during FY 25 by the City Manager. The City allocates costs based on all expenses charged to the designated Engineering Account, as a percentage of active CIP accounts on a quarterly basis. The City allocated a total of \$91,122 of indirect costs in the RTIP, resulting in 2.32% of indirect costs compared to total *TransNet* expenditures. The City's methodology for allocating indirect costs appears reasonable. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA firm. No exceptions were noted as a result of our procedures.

- g. We inspected 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, 2026.

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

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

Results: There are five projects that have been inactive over the past two years. The City indicated that "O17 is on hold pending the construction of a new sewer line to be completed by the Water Utilities department. The project is expected to resume in FY26-27". Additionally, projects O25, O40, O41, and O45 are "completed pending the programming of additional funding for a final drawdown. A resolution will be passed through City Council in FY26 to program additional funding to close out the projects." The status of these projects have been added to Schedule A.

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

Results: SANDAG approved the reason for inactivity on January 7, 2026.

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

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

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$6,291,533
Less: debt service payment	<u>-</u>
Net estimated apportionment	6,291,533
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>1,887,460</u>
Less:	
Local Streets and Roads fund balance	36,463
Local Street Improvement:	
Congestion Relief fund balance	(1,474,874)
Maintenance fund balance	<u>67,912</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,370,499)</u>
Fund balance under apportionment	<u>\$3,257,959</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as indicated on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,474,874)	\$ 8,013,022	\$ 6,538,148
Maintenance	<u>67,912</u>	<u>10,723,448</u>	<u>10,791,360</u>
Totals	<u>\$(1,406,962)</u>	<u>\$18,736,470</u>	<u>\$17,329,508</u>

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

Results: The City has expended 16.93% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$61,132,166	\$ 6,087,680	\$67,219,846
Maintenance	16,309,350	9,886,947	26,196,297
Interest	<u>317,974</u>	<u>2,761,843</u>	<u>3,079,817</u>
Total local street and road revenue	<u>\$77,759,490</u>	<u>\$18,736,470</u>	<u>\$96,495,960</u>
30% of total local street and road revenue			\$28,948,788
Less maintenance expenditures incurred to date			<u>(16,336,983)</u>
Available maintenance funds			<u>\$12,611,805</u>
Cumulative percentage expended for maintenance			<u>16.93%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

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

1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$5,595,091
Less MOE base year requirement	<u>(1,965,970)</u>
Excess MOE for the year ended June 30, 2025	<u>\$3,629,121</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$393,317. We selected \$60,959 (15.50%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

Results: This procedure is not applicable as RCTIP payroll amounts did not exceed the 20% threshold during FY25.

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

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

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on September 30, 2025.

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

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

- 14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

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

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

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet:									
Local Streets and Roads:									
O14	914560800212	Douglas Dr. Bridge Seismic Retro	\$ (361,729)	\$ 323,000	\$ -	\$ (91,458)	\$ 166,650	\$ 36,463	
O14	914560900212	No Coast Hwy Bridge Seismic Retro	166,650	-	-	-	(166,650)	-	
Total Local Streets and Roads			(195,079)	323,000	-	(91,458)	-	36,463	
Total TransNet			(195,079)	323,000	-	(91,458)	-	36,463	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
O17	905120100212	Loma Alta Creek Detention Basins	-	-	-	-	-	-	(a)
O24	902754200212	Street Restoration	(768,219)	1,106,756	-	(365,168)	-	(26,631)	(b)
O25	902146516212	Downtown Fiber-Optic	(170,013)	-	-	-	-	(170,013)	(c)
O33	902162120212	Coast Hwy Corridor Design	69,277	-	-	(474,418)	-	(405,141)	(b)
O37	425449212	Bicycle Master Plan Coordinator	(6,872)	98,543	-	(106,905)	-	(15,234)	(b)
O37	902135600212	Bicycle Master Plan/Bike Sfty	(59,149)	127,830	-	(71,046)	-	(2,365)	(b)
Total O37 Projects			(66,021)	226,373	-	(177,951)	-	(17,599)	
O38	902134400212	Ada Ramp Rplcmt/Sdwls In-fill	(34,104)	545,916	-	(619,582)	-	(107,770)	(b)
O38	902135500212	Neighborhood Traffic Sfty Impr	(39,769)	43,212	-	(26,147)	-	(22,704)	(b)
O38	902165620212	El Corazon Roundabout	-	710,872	-	(1,178,609)	-	(467,737)	(d)
Total O38 Projects			(73,873)	1,300,000	-	(1,824,338)	-	(598,211)	
Subtotal Congestion Relief			(1,008,849)	2,633,129	-	(2,841,875)	-	(1,217,595)	

(Continued)

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2024</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2025</u>	<u>Notes</u>
		Congestion Relief - balance carried forward	<u>\$ (1,008,849)</u>	<u>\$ 2,633,129</u>	<u>\$ -</u>	<u>\$ (2,841,875)</u>	<u>\$ -</u>	<u>\$ (1,217,595)</u>	
O40	902135400212	Mainline R/R Xing Sfty	<u>(162,108)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(162,108)</u>	(c)
O41	907118100212	Lot 23 Transit Parking Strctr	<u>(265,986)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265,986)</u>	(c)
O45	902147216212	Douglas Dr Median HSIP-City	<u>(21,260)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,260)</u>	(c)
O46	902162320212	Coastal Rail Trail Design	<u>(55,213)</u>	<u>25,000</u>	<u>-</u>	<u>(141)</u>	<u>-</u>	<u>(30,354)</u>	(d)
O51	902189124212	Cassidy Street Bridge Overcrossing	<u>-</u>	<u>959</u>	<u>-</u>	<u>(959)</u>	<u>-</u>	<u>-</u>	
		Interest income	<u>191,179</u>	<u>-</u>	<u>31,250</u>	<u>-</u>	<u>-</u>	<u>222,429</u>	
		Total Congestion Relief	<u>(1,322,237)</u>	<u>2,659,088</u>	<u>31,250</u>	<u>(2,842,975)</u>	<u>-</u>	<u>(1,474,874)</u>	
		Maintenance:							
O18	425411212	Misc Traffic Markings	<u>(17,213)</u>	<u>117,448</u>	<u>-</u>	<u>(100,235)</u>	<u>-</u>	<u>-</u>	
O18	425418212	Neighborhood Traffic Improvement	<u>(52,813)</u>	<u>253,221</u>	<u>-</u>	<u>(227,821)</u>	<u>-</u>	<u>(27,413)</u>	(b)
O18	425426212	Misc Street Projects	<u>(13,275)</u>	<u>13,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total O18 Projects	<u>(83,301)</u>	<u>383,944</u>	<u>-</u>	<u>(328,056)</u>	<u>-</u>	<u>(27,413)</u>	
		Interest Income	<u>81,933</u>	<u>-</u>	<u>13,392</u>	<u>-</u>	<u>-</u>	<u>95,325</u>	
		Total Maintenance	<u>(1,368)</u>	<u>383,944</u>	<u>13,392</u>	<u>(328,056)</u>	<u>-</u>	<u>67,912</u>	
		Total Local Street Improvements	<u>(1,323,605)</u>	<u>3,043,032</u>	<u>44,642</u>	<u>(3,171,031)</u>	<u>-</u>	<u>(1,406,962)</u>	
		Bike and Pedestrian:							
O47	902157419212	Pier VWay Bridge Replacement PDR	<u>33,750</u>	<u>-</u>	<u>-</u>	<u>(665,503)</u>	<u>-</u>	<u>(631,753)</u>	(e)
		Total Bike and Pedestrian	<u>33,750</u>	<u>-</u>	<u>-</u>	<u>(665,503)</u>	<u>-</u>	<u>(631,753)</u>	

(Continued)

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
		Smart Growth:							
O49	836164419272	Coastal Rail Trail Extension	\$ (60,483)	\$ -	\$ -	\$ -	\$ 60,483	\$ -	(f)
		Total Smart Growth	(60,483)	-	-	-	60,483	-	
		Total <i>TransNet</i> Extension	(1,350,338)	3,043,032	44,642	(3,836,534)	60,483	(2,038,715)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	(1,545,417)	3,366,032	44,642	(3,927,992)	60,483	(2,002,252)	
		GASB 31 Market Value Adjustment	(41,767)	-	64,684	-	-	22,917	
		Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (1,587,184)	\$ 3,366,032	\$ 109,326	\$ (3,927,992)	\$ 60,483	\$ (1,979,335)	

Notes:

- (a) This project is on hold pending construction of a Sewer line to be done by Water Utilities. Project is estimated to resume in FY26/27.
- (b) This negative balance is a result of contract work completed and paid for in advance with local funds. A drawdown to reconcile this negative balance will be processed for submission to SANDAG for reimbursement in FY26.
- (c) Project is complete, however no additional funding is available for drawdown. A resolution will be passed through City Council in FY26 to program additional funding to close out the project.
- (d) Project is complete. A final drawdown of funds will be requested of SANDAG in FY26.
- (e) Grant is complete. A final drawdown of funds will be requested of SANDAG in FY26.
- (f) Funding was fully expended for this Grant. As such, the City funded excess expenditures through another funding source. Project is complete.

SCHEDULE B

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
O17	905120100212	Loma Alta Creek Detention Basins	\$ 2,394,236	\$ -	\$ (2,394,236)	\$ -
O24	902754200212	Street Restoration	28,817,119	-	(28,843,750)	(26,631)
O25	902146516212	Downtown Fiber-Optic	146,900	-	(316,913)	(170,013)
O33	902162120212	Coast Hwy Corridor Design	1,084,466	-	(1,489,607)	(405,141)
O37	425449212	Bicycle Master Plan Coordinator	172,087	-	(187,321)	(15,234)
O37	902135600212	Bicycle Master Plan/Bike Sfty	641,819	-	(644,184)	(2,365)
		Total O37 Projects	813,906	-	(831,505)	(17,599)
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	1,854,855	-	(1,962,625)	(107,770)
O38	902135500212	Neighborhood Traffic Sfty Impr	747,026	-	(769,730)	(22,704)
O38	902165620212	El Corazon Roundabout	710,872	-	(1,178,609)	(467,737)
		Total O38 Projects	3,312,753	-	(3,910,964)	(598,211)
		Subtotal Congestion Relief	36,569,380	-	(37,786,975)	(1,217,595)

(Continued)

SCHEDULE B

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

<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, 2025</u>
		Congestion Relief balance carried forward	\$ 36,569,380	\$ -	\$ (37,786,975)	\$ (1,217,595)
O40	902135400212	Mainline R/R Xing Sfty	5,544,174	-	(5,706,282)	(162,108)
O41	907118100212	Lot 23 Transit Parking Strctr	3,416,993	-	(3,682,979)	(265,986)
O45	902147216212	Douglas Dr Median HSIP-City	289,810	-	(311,070)	(21,260)
O46	902162320212	Coastal Rail Trail Design	203,276	-	(233,630)	(30,354)
O51	902189124212	Cassidy Street Bridge Overcrossing	959	-	(959)	-
		Interest Income	-	222,429	-	222,429
		Total Congestion Relief	46,024,592	222,429	(47,721,895)	(1,474,874)
		Maintenance:				
O18	425411212	Misc Traffic Markings	763,895	-	(763,895)	-
O18	425418212	Neighborhood Traffic Improvement	1,367,041	-	(1,394,454)	(27,413)
O18	425426212	Misc Street Projects	8,889,968	-	(8,889,968)	-
		Total O18 Projects	11,020,904	-	(11,048,317)	(27,413)
		Interest Income	-	95,325	-	95,325
		Total Maintenance	11,020,904	95,325	(11,048,317)	67,912
		Total Local Street Improvements	57,045,496	317,754	(58,770,212)	(1,406,962)

(Continued)

SCHEDULE B

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
		Bike and Pedestrian:				
O47	902157419212	Pier VWay Bridge Replacement PDR	\$ 107,008	\$ -	\$ (738,761)	\$ (631,753)
		Total Bike and Pedestrian	107,008	-	(738,761)	(631,753)
		Smart Growth:				
O49	836164419272	Coastal Rail Trail Extension	339,517	-	(339,517)	-
		Total Smart Growth	339,517	-	(339,517)	-
		Subtotal Cumulative <i>TransNet</i> Extension	57,492,021	317,754	(59,848,490)	(2,038,715)
		Completed Projects:				
		LSI - Congestion Relief	15,107,574	-	(15,107,574)	-
		LSI - Maintenance	5,288,446	220	(5,288,666)	-
		Bike and Pedestrian	567,620	-	(567,620)	-
		Smart Growth	431,451	-	(431,451)	-
		Senior Mini-Grant	1,756,754	13	(1,756,767)	-
		Total Completed Projects	23,151,845	233	(23,152,078)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 80,643,866	\$ 317,987	\$ (83,000,568)	\$ (2,038,715)

SCHEDULE C

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2025	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	O22	\$ 951,228	\$ -	\$ (951,228)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	O22	623,484	-	(623,484)	-	-	-	-
Year Ended June 30, 2020	June 30, 2027	O22	509,334	-	(509,334)	-	-	-	274,224
Year Ended June 30, 2021	June 30, 2028	O22	398,288	-	(119,093)	-	-	279,195	398,288
Year Ended June 30, 2022	June 30, 2029		1,153,320	-	-	-	-	1,153,320	1,153,320
Year Ended June 30, 2023	June 30, 2030		1,097,718	-	-	-	-	1,097,718	1,097,718
Year Ended June 30, 2024	June 30, 2031		1,394,639	-	-	-	-	1,394,639	1,394,639
Year Ended June 30, 2025	June 30, 2032		2,992,256	-	-	-	-	2,992,256	-
Interest Income			-	210,393	-	-	-	210,393	70,070
Total RTCIP Funds			\$ 9,120,267	\$ 210,393	\$ (2,203,139)	\$ -	\$ -	\$ 7,127,521	\$ 4,388,259

CITY OF POWAY, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Poway, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: This procedure is not applicable as no interest income was reported on Schedule A.

- ii. We inspected 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 inspected 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 \$2,543,535. We selected \$2,367,222 (93.07%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects in FY25.

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as the City did not allocate indirect costs to *TransNet* projects in FY25.

- g. We inspected 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, 2026.

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

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

- 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 have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of

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

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

Fiscal year 2025 apportionment	\$2,081,426
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,081,426
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>624,428</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	25,895
Maintenance fund balance	<u>1,390</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>27,285</u>
Fund balance under apportionment	<u>\$597,143</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$25,895	\$2,658,915	\$2,684,810
Maintenance	<u>1,390</u>	<u>1,599,441</u>	<u>1,600,831</u>
Totals	<u>\$27,285</u>	<u>\$4,258,356</u>	<u>\$4,285,641</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 24.18% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$16,998,235	\$2,208,295	\$19,206,530
Maintenance	6,787,868	1,409,656	8,197,524
Interest	<u>42,024</u>	<u>640,405</u>	<u>682,429</u>
 Total local street and road revenue	 <u>\$23,828,127</u>	 <u>\$4,258,356</u>	 <u>\$28,086,483</u>
 30% of total local street and road revenue			\$8,425,945
Less maintenance expenditures incurred to date			<u>(6,792,512)</u>
 Available maintenance funds			<u>\$1,633,433</u>
 Cumulative percentage expended for maintenance			<u>24.18%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

12. With respect to 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.
 - i. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.

- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City had an outstanding unmet MOE requirement from the prior year in the amount of \$92,916 for Streets & Roads. In the City's response to the prior year finding, the City noted it would adjust its cost allocation model to more accurately capture the amount required to meet the MOE. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$1,477,587
Less MOE base year requirement	(836,358)
Less prior year shortfall	<u>(92,916)</u>
Excess MOE for the year ended June 30, 2025	<u>\$548,313</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ended June 30, 2025.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ended June 30, 2025.

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ended June 30, 2025.

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

Results: This procedure is not applicable as there was no program revenue spent for fund administration or indirect costs.

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

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

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 21, 2025.

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

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

- 14. We inspected 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 documented the status of any prior year findings and recommendations.

Results: The prior year's report included a finding that the City of Poway did not meet its MOE requirement for Streets & Roads and had a shortfall in the amount of \$92,916. Our testing of the MOE requirement for the year ended June 30, 2025 identified that the City was able to resolve the shortfall. As such, the finding is considered resolved.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarrLLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*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, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
POW 36	ST014	Neighborhood Sidewalks	\$ (254)	\$ 189,110	\$ -	\$ (189,996)	\$ -	\$ (1,140)	(a)
POW 37	STR0009	Espola Road Bicycle and Pedestrian Widening	126,889	-	-	-	(126,889)	-	(b)(c)
POW 38	ST019/ST023	Annual Reconstruction and Overlay Project	(24,423)	2,104,219	-	(2,024,271)	(25,663)	29,862	(d)
POW 48	STR0001	Espola Road Safety Improvement	(212,552)	60,000	-	-	152,552	-	(b)(c)(d)
POW 54	ST018	Poway Road Safety	-	8,199	-	(14,269)	-	(6,070)	(a)
		Interest Income	3,243	-	-	-	-	3,243	
		Total Congestion Relief	(107,097)	2,361,528	-	(2,228,536)	-	25,895	
Maintenance:									
POW 30	ST022	Street Maintenance Project	(116,971)	431,970	-	(314,999)	-	-	
		Interest Income	1,390	-	-	-	-	1,390	
		Total Maintenance	(115,581)	431,970	-	(314,999)	-	1,390	
		Total Local Street Improvement	(222,678)	2,793,498	-	(2,543,535)	-	27,285	
		Total <i>TransNet</i> Extension	\$ (222,678)	\$ 2,793,498	\$ -	\$ (2,543,535)	\$ -	\$ 27,285	

Notes:

- (a) Funding will be requested in FY26 to remove the project deficit.
- (b) \$126,889 to be transferred from POW 37 to POW 48 through council resolution No. 25-021.
- (c) Project complete.
- (d) \$25,663 to be transferred from POW 38 to POW 48 through council resolution No. 25-021.

SCHEDULE B

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
POW 36	ST014	Neighborhood Sidewalks	\$ 189,110	\$ -	\$ (190,250)	\$ (1,140)
POW 37	STR0009	Espola Road Bicycle and Pedestrian Widening	(3,145)	3,145	-	-
POW 38	ST019/ST023	Annual Reconstruction and Overlay Project	6,636,681	12,865	(6,619,684)	29,862
POW 48	STR0001	Espola Road Safety Improvement	212,552	-	(212,552)	-
POW 54	ST018	Poway Road Safety	8,199	-	(14,269)	(6,070)
		Interest Income	-	3,243	-	3,243
		Total Congestion Relief	7,043,397	19,253	(7,036,755)	25,895
Maintenance:						
POW 30	ST022	Street Maintenance Project	2,467,168	-	(2,467,168)	-
		Interest Income	-	1,390	-	1,390
		Total Maintenance	2,467,168	1,390	(2,467,168)	1,390
		Subtotal Cumulative <i>TransNet</i> Extension	9,510,565	20,643	(9,503,923)	27,285
Completed Projects:						
Local Street Improvements:						
		Congestion Relief	9,951,693	19,882	(9,971,575)	-
		Maintenance	4,320,700	4,644	(4,325,344)	-
		Total Completed Projects	14,272,393	24,526	(14,296,919)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 23,782,958	\$ 45,169	\$ (23,800,842)	\$ 27,285

SCHEDULE C

CITY OF POWAY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2025	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	POW48	\$ 43,275	\$ -	\$ (43,275)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	POW48	17,464	-	(17,464)	-	-	-	-
Year Ended June 30, 2020	June 30, 2027	POW48	43,064	-	(43,064)	-	-	-	-
Year Ended June 30, 2021	June 30, 2028	POW48	364,319	-	(364,319)	-	-	-	-
Year Ended June 30, 2022	June 30, 2029	POW48	279,363	-	(32,233)	-	-	247,130	247,130
Year Ended June 30, 2023	June 30, 2030		938,185	-	-	-	-	938,185	938,185
Year Ended June 30, 2024	June 30, 2031		79,517	-	-	-	-	79,517	79,517
Year Ended June 30, 2025	June 30, 2032		231,413	-	-	-	-	231,413	-
Interest Income			-	123,130	-	-	-	123,130	84,670
Total RTCIP Funds			<u>\$ 1,996,600</u>	<u>\$ 123,130</u>	<u>\$ (500,355)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,619,375</u>	<u>\$ 1,349,502</u>

CITY OF SAN DIEGO, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of San Diego, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

- ii. We inspected 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 inspected 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 \$53,887,732. We selected \$17,579,605 (32.62%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

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

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2025. Indirect costs are allocated to RTIP projects at a rate that depends on the department of the employee that charged labor to the project. The indirect cost rates charged by the departments ranged from 10.00% to 196.77% of direct labor. Total indirect costs included within projects in the RTIP was \$6,902,313, or 12.81% of total *TransNet* expenditures. The City's indirect costs exceeded 10% of total *TransNet* expenditures due to the City having preliminary project internal orders that are 100% labor expenses. In addition, the City employs its own engineers, project managers and other employees that smaller cities would contract out to vendors. The City's cost allocation plan was approved by the Chief Financial Officer on April 9, 2024. The City's cost allocation plan has not been reviewed by a federal or state agency, nor has it been audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedure.

- g. We inspected 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, 2026.

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

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

Results: There were five projects that were inactive over the past two years. The City indicated that, "SD34 is an ongoing project that may use *TransNet* in the Future. There is a \$998K budget in RTCIP, \$6.2M total budget at June 30, 2025. SD70 Project is still active with \$8.6M budget in non-TransNet sources of which is \$3M RTCIP and there might still be TransNet transactions happening. SD83 had no programing in FY25/FY26 - Projected end date is 2029 - possible future use of TransNet. SD252 was inactive in FY25, but the City will have TransNet activity in FY26. SD260 is Grant 1000493-2018 final payment is being withheld by SANDAG pending resolution of outstanding issues."

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

Results: SANDAG approved the reason for the inactivity on December 5, 2025.

- 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 have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$46,870,675
Less: debt service payment	<u>-</u>
Net estimated apportionment	46,870,675
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>14,061,202</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	7,568,006
Maintenance fund balance	<u>1</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>7,568,007</u>
Fund balance under apportionment	<u>\$ 6,493,195</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$7,568,006	\$38,165,969	\$45,733,975
Maintenance	<u>1</u>	<u>1,806,189</u>	<u>1,806,190</u>
Totals	<u>\$7,568,007</u>	<u>\$39,972,158</u>	<u>\$47,540,165</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 28.30% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$415,548,632	\$30,432,076	\$445,980,708
Maintenance	180,307,035	(1,698,966)	178,608,069
Interest	<u>1,263,042</u>	<u>11,239,048</u>	<u>12,502,090</u>
Total local street and road revenue	<u>\$597,118,709</u>	<u>\$39,972,158</u>	<u>\$637,090,867</u>
30% of total local street and road revenue			\$191,127,260
Less maintenance expenditures incurred to date			<u>(180,307,034)</u>
Available maintenance funds			<u>\$10,820,226</u>
Cumulative percentage expended for maintenance			<u>28.30%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

12. With respect to 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.
 - i. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

	Street and <u>Road</u>	Specialized Transportation <u>Services</u>	Transit Bus <u>Subsidies</u>	<u>Total</u>
Current year local discretionary expenditures	\$45,692,943	\$120,526	\$675,815	\$46,489,284
Less MOE base year requirement	<u>(16,288,475)</u>	<u>(120,526)</u>	<u>(648,839)</u>	<u>(17,057,840)</u>
Excess MOE for the year ended June 30, 2025	<u>\$29,404,468</u>	<u>\$ -</u>	<u>\$ 26,976</u>	<u>\$29,431,444</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$1,417,706. We selected \$660,007 (46.55%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained

supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not have any RTCIP payroll expenditures during FY25.

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

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

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 23, 2025.

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

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

14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
<i>TransNet</i> Extension:									
Local Street Improvements:									
Congestion Relief:									
SD09	AIK.00001	New Walkways	\$ 342,806	\$ 1,104,296	\$ -	\$ (1,468,301)	\$ -	\$ (21,199)	(a)
SD15	AIH.00001	Installation of City Owned Street Lights	376,105	-	-	(254,746)	-	121,359	
SD16A	13001747	Regional Arterial Management Systems	-	-	-	(17,200)	17,200	-	(b)
SD16A	21004805	Traffic Signals - Modifications/Modernization	-	841,304	-	(667,178)	-	174,126	
SD16A	AIL.00002	Traffic Signal Interconnect Projects	111,532	526,693	-	(328,455)	(35,797)	273,973	
SD16A	AIL.00004	Traffic Signals - Citywide	938,892	2,544,096	-	(3,501,585)	18,597	-	
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	418,814	892,587	-	(912,134)	-	399,267	
Total SD16A Projects			1,469,238	4,804,680	-	(5,426,552)	-	847,366	
SD18	AIL.00001	Traffic Calming	792,410	-	-	(131,065)	-	661,345	
SD23	ACA.00001	Drainage Projects	(38,213)	67,935	-	(27,764)	-	1,958	
SD34	S00856	El Camino Real Road and Bridge Widening	-	-	-	-	-	-	(c)
SD49	AIG.00001	Median Installation	331,493	2,710,157	-	(2,967,885)	-	73,765	
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	267,284	100,262	-	(892,301)	363,012	(161,743)	(a)(d)
Subtotal Congestion Relief			3,541,123	8,787,330	-	(11,168,614)	363,012	1,522,851	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
		Congestion Relief balance carried forward	\$ 3,541,123	\$ 8,787,330	\$ -	\$ (11,168,614)	\$ 363,012	\$ 1,522,851	
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	-	-	-	-	-	-	(e)
SD83	S00851	State Route 163 and Friars Road	-	-	-	-	-	-	(f)
SD96	AID.00005	Street Resurfacing and Reconstruction	(2,130,560)	16,818,134	-	(16,178,126)	-	(1,490,552)	(a)
SD96	S23006	Sunset Cliffs Seawall Improvements - Sunset Cliff Blvd	71,145	457,690	-	(771,152)	-	(242,317)	(a)
		Total SD96 Projects	(2,059,415)	17,275,824	-	(16,949,278)	-	(1,732,869)	
SD99	AIE.00001	Bridge Rehabilitation	606,371	-	-	(34,138)	-	572,233	
SD102A	S11060	Otay Mesa Truck Route Phase 4	1,320,560	-	-	(243,440)	-	1,077,120	
SD129	S00915	University Avenue Mobility	(289,000)	289,000	-	-	-	-	
SD166	AIA.00001	Minor Bicycle Facilities	969,876	250,000	-	(606,814)	(45,807)	567,255	
SD166	21004803	Minor Bicycle Facilities (Non-Capital)	31,509	1,075,946	-	(1,153,262)	45,807	-	
		Total SD166 Projects	1,001,385	1,325,946	-	(1,760,076)	-	567,255	
SD186	21002143	Administrative Expenses - Finance	(9,122)	140,304	-	(129,098)	(2,084)	-	
SD186	21002273	Administrative Expenses - Engineering	(7,649)	330,996	-	(334,883)	2,084	(9,452)	(a)
		Total SD186 Projects	(16,771)	471,300	-	(463,981)	-	(9,452)	
		Subtotal Congestion Relief	4,104,253	28,149,400	-	(30,619,527)	363,012	1,997,138	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project (Continued)
Year ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
		Congestion Relief balance carried forward	\$ 4,104,253	\$ 28,149,400	\$ -	\$ (30,619,527)	\$ 363,012	\$ 1,997,138	
SD188	various	Congestion Relief /Traffic Signal Operations	-	6,359,027	-	(6,348,311)	-	10,716	
SD237	S00951	Coastal Rail Trail	2,542,952	-	-	(583,198)	-	1,959,754	
SD245	S16061	Market St-47th St to Euclid Complete St	883,470	-	-	(14,805)	-	868,665	
SD249	S18000	Steamview Drive Improvement Phase 2	1,478,885	-	-	(445,679)	-	1,033,206	
SD250	S15018	La Media Road Improvements	(700,310)	700,363	-	(435)	-	(382)	(a)
SD252	S18001	University Ave Complete Street Phase 1	-	-	-	-	-	-	(g)
SD263	B19020	La Media Impr-Siempre Viva to Truck Rte	673,511	-	-	(65,746)	-	607,765	
SD264	S22005	Alvarado Canyon Rd Realignment Project	747,159	-	-	(223,273)	-	523,886	
SD266	S22012	Normal Street Promenade	21,377	450,000	-	(25,601)	-	445,776	
		Interest income - Congestion Relief 70%	94	-	484,400	-	(363,012)	121,482	(d)
		Total Congestion Relief	9,751,391	35,658,790	484,400	(38,326,575)	-	7,568,006	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project (Continued)
Year ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
Maintenance:									
SD176	Various I/Os	Slurry Seal & Crack Repairs	\$ (4,069)	\$ 8,434	\$ -	\$ (4,365)	\$ -	\$ -	
SD176	13000768	Maintenance	-	14,464,768	-	(14,464,767)	-	1	
Total SD176 Projects			(4,069)	14,473,202	-	(14,469,132)	-	1	
Interest income - Maintenance 30%			-	-	-	-	-	-	
Total Maintenance			(4,069)	14,473,202	-	(14,469,132)	-	1	
Total Local Street Improvements			9,747,322	50,131,992	484,400	(52,795,707)	-	7,568,007	
Smart Growth:									
SD260	1000493-2018	Downtown Mobility Cycle Way Improvement Phase I & II	(137,192)	-	-	-	-	(137,192)	(h)
SD261	5005485	Downtown San Diego Wayfinding Signage - Cycle Network	(22,000)	22,000	-	-	-	-	(i)
SD262	5005486	East Village Green Park Phase 1	(71,224)	132,579	-	(731,147)	-	(669,792)	(j)
SD267	S1021763	Mid City Communities Smart Growth Study Area	(180,561)	243,523	-	(251,965)	-	(189,003)	(j)
Total Smart Growth			(410,977)	398,102	-	(983,112)	-	(995,987)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
Environmental Mitigation:									
VO8	1000531-2018	Otay Res Cactus Wren	\$ (18,769)	\$ 18,773	\$ -	\$ -	\$ -	\$ 4	(k)
VO8	1000532-2018	San Pasq Cactus Wren	(18,112)	18,112	-	-	-	-	(i)
Total VO8 Projects			(36,881)	36,885	-	-	-	4	
V10	1000720-2022	Denner Canyon Restoration	(27,950)	46,861	-	(79,726)	-	(60,815)	(j)
V10	1000721-2022	West Otay Mesa Stinknet Removal	(22,012)	30,501	-	(16,419)	-	(7,930)	(j)
V10	1000723-2022	Otay Mesa Vernal Pool Restoration	(20,306)	25,309	-	(12,768)	-	(7,765)	(j)
Total V10 Projects			(70,268)	102,671	-	(108,913)	-	(76,510)	
Total Environmental Mitigation			(107,149)	139,556	-	(108,913)	-	(76,506)	
Total <i>TransNet</i> Extension			\$ 9,229,196	\$ 50,669,650	\$ 484,400	\$ (53,887,732)	\$ -	\$ 6,495,514	
GASB 31 Market Value Adjustment			(83,767)	-	131,647	-	-	47,880	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			\$ 9,145,429	\$ 50,669,650	\$ 616,047	\$ (53,887,732)	\$ -	\$ 6,543,394	

Notes:

- (a) FY26 draws will provide coverage for MPO ID projects with negative balances as of June 30, 2025.
- (b) In FY25, the City directly paid for the RAMS replacement function that SANDAG discontinued in FY24.
- (c) On going project that may use *TransNet* in the Future. \$998K budget in RTCIP, \$6.2M Total Budget at 6/30/25
- (d) City Council approval obtained for the transfer of funds per Resolution R-316541 on 12/12/2025.
- (e) Project is still active with \$8.6M budget in non-*TransNet* sources of which is \$3M RTCIP and there might still be *TransNet* transactions happening.
- (f) No programing in FY25/FY26 - Projected end date is 2029 - possible future use of *TransNet*, so not reported closed
- (g) Project was inactive in FY25. City will have *TransNet* activity in FY26.
- (h) Grant 1000493-2018 final payment is being withheld by SANDAG pending resolution of outstanding issues.
- (i) Grant is complete.
- (j) Negative grant balance as of June 30, 2025 is covered by grant reimbursement in FY25 or withheld to be released when the project is completed.
- (k) Grantor overpaid the grant by \$4, that will be reimbursed to SANDAG by the City of San Diego.

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SD09	AIK.00001	New Walkways	\$ 17,607,542	\$ (8,383)	\$ (17,620,358)	\$ (21,199)
SD15	AIH.00001	Installation of City Owned Street Lights	6,075,276	(4,702)	(5,949,215)	121,359
SD16A	13001747	Regional Arterial Management Systems	17,200	-	(17,200)	-
SD16A	21004805	Traffic Signals - Modifications/modernization	1,797,219	-	(1,623,093)	174,126
SD16A	AIL.00002	Traffic Signal Interconnect Projects	3,755,528	(1,572)	(3,479,983)	273,973
SD16A	AIL.00004	Traffic Signals - Citywide	14,383,687	(4,826)	(14,378,861)	-
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	10,747,312	(3,471)	(10,344,574)	399,267
Total SD16A Projects			30,700,946	(9,869)	(29,843,711)	847,366
SD18	AIL.00001	Traffic Calming	5,914,017	(2,224)	(5,250,448)	661,345
SD23	ACA.00001	Drainage Projects	15,515,310	(1,690)	(15,511,662)	1,958
SD34	S00856	El Camino Real Road and Bridge Widening	836,313	2,965	(839,278)	-
SD49	AIG.00001	Median Installation	10,385,135	(4,375)	(10,306,995)	73,765
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	1,782,926	1,817	(1,946,486)	(161,743)
Subtotal Congestion Relief			88,817,465	(26,461)	(87,268,153)	1,522,851

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
		Congestion Relief balance carried forward	\$ 88,817,465	\$ (26,461)	\$ (87,268,153)	\$ 1,522,851
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	4,450,183	(1,394)	(4,448,789)	-
SD83	S00851	State Route 163 and Friars Road	31,733,699	(27,402)	(31,706,297)	-
SD96	AID.00005	Street Resurfacing and Reconstruction	64,836,650	-	(66,327,202)	(1,490,552)
SD96	S23006	Sunset Cliffs Seawall Improvement	729,958	-	(972,275)	(242,317)
		Total SD96 Projects	65,566,608	-	(67,299,477)	(1,732,869)
SD99	AIE.00001	Bridge Rehabilitation	3,759,486	(492)	(3,186,761)	572,233
SD102A	S11060	Otay Mesa Truck Route Phase 4	10,818,094	-	(9,740,974)	1,077,120
SD129	S00915	University Avenue Mobility	2,384,638	(1,380)	(2,383,258)	-
SD166	AIA.00001	Minor Bicycle Facilities	4,403,559	(171)	(3,836,133)	567,255
SD166	21004803	Minor Bicycle Facilities (Non-Capital)	3,706,303	-	(3,706,303)	-
		Total SD166 Projects	8,109,862	(171)	(7,542,436)	567,255
SD186	21002143	Administrative Expenses - Finance	1,603,622	2,320	(1,605,942)	-
SD186	21002273	Administrative Expenses - Engineering	3,380,508	431	(3,390,391)	(9,452)
		Total SD186 Projects	4,984,130	2,751	(4,996,333)	(9,452)
		Subtotal Congestion Relief	220,624,165	(54,549)	(218,572,478)	1,997,138

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
		Congestion Relief balance carried forward	<u>\$ 220,624,165</u>	<u>\$ (54,549)</u>	<u>\$ (218,572,478)</u>	<u>\$ 1,997,138</u>
SD188	various	Congestion Relief /Traffic Signal Operations	<u>45,076,651</u>	<u>39,944</u>	<u>(45,105,879)</u>	<u>10,716</u>
SD237	S00951	Coastal Rail Trail	<u>4,795,796</u>	<u>-</u>	<u>(2,836,042)</u>	<u>1,959,754</u>
SD245	S16061	Market St-47th St to Euclid Complete St	<u>6,025,875</u>	<u>-</u>	<u>(5,157,210)</u>	<u>868,665</u>
SD249	S18000	Steamview Drive Improvement Phase 2	<u>2,810,000</u>	<u>-</u>	<u>(1,776,794)</u>	<u>1,033,206</u>
SD250	S15018	La Media Road Improvements	<u>11,049,447</u>	<u>-</u>	<u>(11,049,829)</u>	<u>(382)</u>
SD252	S18001	University Ave Complete Street Phase 1	<u>1,522,120</u>	<u>-</u>	<u>(1,522,120)</u>	<u>-</u>
SD263	B19020	La Media Impr-Siempre Viva to Truck Rte	<u>1,250,000</u>	<u>-</u>	<u>(642,235)</u>	<u>607,765</u>
SD264	S22005	Alvarado Canyon Rd Realignment Project	<u>1,682,581</u>	<u>-</u>	<u>(1,158,695)</u>	<u>523,886</u>
SD266	S22012	Normal Street Promenade	<u>633,126</u>	<u>-</u>	<u>(187,350)</u>	<u>445,776</u>
		Interest Income - Congestion Relief	<u>(1,010,287)</u>	<u>1,131,769</u>	<u>-</u>	<u>121,482</u>
		Total Congestion Relief	<u>294,459,474</u>	<u>1,117,164</u>	<u>(288,008,632)</u>	<u>7,568,006</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
Maintenance:						
SD176	Various I/Os	Slurry Seal & Crack Repairs	\$ 9,398,242	\$ -	\$ (9,398,242)	\$ -
SD176	13000768	Maintenance	<u>164,858,393</u>	<u>-</u>	<u>(164,858,392)</u>	<u>1</u>
		Total SD176 Projects	<u>174,256,635</u>	<u>-</u>	<u>(174,256,634)</u>	<u>1</u>
		Interest Income - Maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		Total Maintenance	<u>174,256,635</u>	<u>-</u>	<u>(174,256,634)</u>	<u>1</u>
		Total Local Street Improvements	<u>468,716,109</u>	<u>1,117,164</u>	<u>(462,265,266)</u>	<u>7,568,007</u>
Smart Growth:						
SD260	1000493-2018	Downtown Mobility Cycle Way Improvement Phase I & II	2,362,809	-	(2,500,001)	(137,192)
SD261	5005485	Downtown San Diego Wayfinding Signage Cycle Network	220,000	-	(220,000)	-
SD262	5005486	East Village Green Park Phase 1	352,740	-	(1,022,532)	(669,792)
SD267	S1021763	Mid City Communities Smart Growth Study Area	<u>310,996</u>	<u>-</u>	<u>(499,999)</u>	<u>(189,003)</u>
		Total Smart Growth	<u>3,246,545</u>	<u>-</u>	<u>(4,242,532)</u>	<u>(995,987)</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
Environmental Mitigation:						
V08	1000531-2018	Otay Res Cactus When	\$ 117,095	\$ -	\$ (117,091)	\$ 4
V08	1000532-2018	San Pasq Cactus Wren	<u>181,115</u>	<u>-</u>	<u>(181,115)</u>	<u>-</u>
Total V08 Projects			<u>298,210</u>	<u>-</u>	<u>(298,206)</u>	<u>4</u>
V10	1000720-2022	Denner Canyon Restroration	75,534	-	(136,349)	(60,815)
V10	1000721-2022	West Otay Mesa Stinknet Removal	71,372	-	(79,302)	(7,930)
V10	1000723-2022	Otay Mesa Vernal Pool Restroration	<u>69,887</u>	<u>-</u>	<u>(77,652)</u>	<u>(7,765)</u>
Total V10 Projects			<u>216,793</u>	<u>-</u>	<u>(293,303)</u>	<u>(76,510)</u>
Total Environmental Mitigation			<u>515,003</u>	<u>-</u>	<u>(591,509)</u>	<u>(76,506)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>472,477,657</u>	<u>1,117,164</u>	<u>(467,099,307)</u>	<u>6,495,514</u>
Completed Projects:						
Major Corridor			3,774,000	35,001	(3,809,001)	-
LSI-Congestion Relief			121,089,158	145,878	(121,235,036)	-
LSI-Maintenance			6,050,400	-	(6,050,400)	-
Active Transportation			124,998	-	(124,998)	-
Bikes and Pedestrian			1,543,659	-	(1,543,659)	-
Smart Growth			8,467,614	-	(8,467,614)	-
Environmental Mitigation			<u>356,304</u>	<u>-</u>	<u>(356,304)</u>	<u>-</u>
Total Completed Projects			<u>141,406,133</u>	<u>180,879</u>	<u>(141,587,012)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 613,883,790</u>	<u>\$ 1,298,043</u>	<u>\$ (608,686,319)</u>	<u>\$ 6,495,514</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2025	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	Various	\$ 6,311,935	\$ 130,648	\$ (6,442,583)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	Various	5,300,604	-	(5,300,604)	-	-	-	1,099,923
Year Ended June 30, 2020	June 30, 2027	Various	4,563,070	-	(317,783)	-	4,245,287	4,245,287	4,563,070
Year Ended June 30, 2021	June 30, 2028	Various	7,643,260	-	-	-	7,643,260	7,643,260	7,643,260
Year Ended June 30, 2022	June 30, 2029	Various	9,466,104	-	-	-	9,466,104	9,466,104	9,466,104
Year Ended June 30, 2023	June 30, 2030	Various	5,972,942	-	-	-	5,972,942	5,972,942	5,972,942
Year Ended June 30, 2024	June 30, 2031	Various	8,604,312	-	-	-	8,604,312	8,604,312	8,604,312
Year Ended June 30, 2025	June 30, 2032	Various	7,656,153	-	-	-	4,390,179	7,656,153	-
Interest Income			-	4,954,697	-	-	-	4,954,697	3,004,164
Total RTCIP Funds			\$ 55,518,380	\$ 5,085,345	\$ (12,060,970)	\$ -	\$ 40,322,084	\$ 48,542,755	\$ 40,353,775

CITY OF SAN MARCOS, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of San Marcos, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

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

- ii. We inspected 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 inspected 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, net of debt service of \$476,084, in the amount of \$8,849,309. We selected \$5,454,195, (61.63%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

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

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

program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

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

- g. We inspected 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, 2026.

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

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

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

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY25.

- 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$3,213,555
Less: debt service payment	<u>(476,084)</u>
Net estimated apportionment	2,737,471
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>821,241</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	775,786
Maintenance fund balance	<u>(1,284)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>774,502</u>
Fund balance under apportionment	<u>\$ 46,739</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 775,786	\$(2,735,742)	\$(1,959,956)
Maintenance	<u>(1,284)</u>	<u>8,432,156</u>	<u>8,430,872</u>
Totals	<u>\$ 774,502</u>	<u>\$5,696,414</u>	<u>\$6,470,916</u>

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

Results: The City has expended 7.38% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$47,698,826	\$(4,556,403)	\$43,142,423
Maintenance	4,223,772	7,660,465	11,884,237
Interest	<u>80,912</u>	<u>2,592,352</u>	<u>2,673,264</u>
Total local street and road revenue	<u>\$52,003,510</u>	<u>\$5,696,414</u>	<u>\$57,699,924</u>
30% of total local street and road revenue			\$17,309,977
Less maintenance expenditures incurred to date			<u>(4,260,676)</u>
Available maintenance funds			<u>\$13,049,301</u>
Cumulative percentage expended for maintenance			<u>7.38%</u>

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

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Total Debt</u> <u>Service *</u>
2010 Series A Bonds	\$15,139,627	\$ -	\$ -	\$15,139,627	\$446,379
2019 Series A Bonds	904,261	-	-	904,261	23,475
2023 Series A Bonds	<u>120,739</u>	<u>-</u>	<u>-</u>	<u>120,739</u>	<u>6,230</u>
Total	<u>\$16,164,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,164,627</u>	<u>\$476,084</u>

*Total Debt Service is comprised of principal payments, subsidy payments, interest, debt service expenses, and withholdings.

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

1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$6,096,233
Less MOE base year requirement	<u>(3,082,862)</u>
Excess MOE for the year ended June 30, 2025	<u>\$3,013,371</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 during FY25.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not incur any RTCIP expenditures during FY25.

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

Results: This procedure is not applicable as RCTIP payroll amounts did not exceed the 20% threshold during FY25.

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

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 2, 2025.

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

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

- 14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

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

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

SCHEDULE A

CITY OF SAN MARCOS, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
<i>TransNet</i> Extension:									
Congestion Relief:									
SM22	88179	South Santa Fe from Bosstick to Smilax	\$ (405)	\$ 3,643	\$ -	\$ (8,735)	\$ -	\$ (5,497)	(a)
SM31	88265	Discovery Street Improvements	-	1,500,000	-	(1,000,000)	-	500,000	(b)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	(434,943)	4,034,257	-	(3,599,315)	-	(1)	(a)
SM48	88505	SM Creek Specific Plan	(412,412)	1,498,117	-	(678,493)	-	407,212	
SM56	88263	Bent Ave Bridge and Street Improvement	(978,472)	998,430	-	(19,958)	-	-	
SM59	86009	Annual Street Overlay Project	27	-	-	-	(27)	-	(c)
SM63	TR001	Rancho Santa Fe and Grandon Traffic Signal Mod	(12,241)	12,241	-	-	-	-	
SM64	ST005	San Marcos Blvd. Reconstruction	(103,838)	290,012	-	(357,247)	-	(171,073)	(a)
SM67	86002	San Marcos Blvd at Discovery St	1	-	-	-	-	1	
SM68	88532	Traffic Management System Enhancement	-	-	-	-	-	-	
SM75	ST014	RSF Pavement Restoration	(173,403)	2,891,505	-	(2,718,102)	-	-	
		2010 Series A Bonds Debt Service	-	446,379	-	(446,379)	-	-	
		2019 Series A Bonds	-	23,475	-	(23,475)	-	-	
		2023 Series A Bonds	-	6,230	-	(6,230)	-	-	
		Subtotal Congestion Relief	(2,115,686)	11,704,289	-	(8,857,934)	(27)	730,642	
		Interest Income	39,636	-	5,508	-	-	45,144	
		Total Congestion Relief	(2,076,050)	11,704,289	5,508	(8,857,934)	(27)	775,786	

(Continued)

SCHEDULE A

CITY OF SAN MARCOS, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
Maintenance:									
SM62	ST001	Annual Surface Seal Project	\$ -	\$ 250,000	\$ -	\$ (250,000)	\$ -	\$ -	
SM72	ST011	Annual Surface Seal Project FY24-FY27	(41,975)	221,027	-	(215,768)	-	(36,716)	(a)
SM74	ST012	Olive Street Bridge	-	1,503	-	(1,691)	-	(188)	(a)
		Subtotal Maintenance	(41,975)	472,530	-	(467,459)	-	(36,904)	
		Interest Income	33,260	-	2,360	-	-	35,620	
		Total Maintenance	(8,715)	472,530	2,360	(467,459)	-	(1,284)	
		Total Local Street Improvements	(2,084,765)	12,176,819	7,868	(9,325,393)	(27)	774,502	
		Total <i>TransNet</i> Extension	\$ (2,084,765)	\$ 12,176,819	\$ 7,868	\$ (9,325,393)	\$ (27)	\$ 774,502	

Notes:

- (a) The City will request drawdown from programmed funds in FY26.
- (b) Expenses incurred in FY26 will reduce balance.
- (c) Moved to local funds.

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
<i>TransNet</i> Extension:						
Congestion Relief:						
SM22	88179	South Santa Fe from Bosstick to Smilax	\$ 207,210	\$ -	\$ (212,707)	\$ (5,497)
SM31	88265	Discovery Street Improvements	1,500,000	-	(1,000,000)	500,000
SM32	88264	Via Vera Cruz Bridge and Street Improvement	8,102,506	-	(8,102,507)	(1)
SM48	88505	SM Creek Specific Plan	4,269,774	-	(3,862,562)	407,212
SM56	88263	Bent Ave Bridge and Street Improvement	2,323,153	-	(2,323,153)	-
SM59	86009	Annual Street Overlay Project	138,527	-	(138,527)	-
SM63	TR001	Rancho Santa Fe and Grandon Traffic Signal Mod	267,408	-	(267,408)	-
SM64	ST005	San Marcos Blvd. Reconstruction	316,158	-	(487,231)	(171,073)
SM67	86002	San Marcos Blvd at Discovery St	350,000	-	(349,999)	1
SM68	88532	Traffic Management System Enhancement	1,244,000	-	(1,244,000)	-
SM75	ST014	RSF Pavement Restoration	3,000,000	-	(3,000,000)	-
		2010 Series A Bonds Debt Service	8,379,655	-	(8,379,655)	-
		2019 Series A Bonds	155,861	-	(155,861)	-
		2023 Series A Bonds	16,890	-	(16,890)	-
		Subtotal Congestion Relief	30,271,142	-	(29,540,500)	730,642
		Interest Income	-	45,144	-	45,144
		Total Congestion Relief	30,271,142	45,144	(29,540,500)	775,786

CITY OF SAN MARCOS, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project (Continued)

Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
Maintenance:						
SM62	ST001	Annual Surface Seal Project	\$ 250,000	\$ -	\$ (250,000)	\$ -
SM72	ST011	Annual Surface Seal Project FY24-FY27	234,234	-	(270,950)	(36,716)
SM74	ST012	Olive Street Bridge	1,503	-	(1,691)	(188)
		Subtotal Maintenance	485,737	-	(522,641)	(36,904)
		Interest Income	-	35,620	-	35,620
		Total Maintenance	485,737	35,620	(522,641)	(1,284)
		Total Local Street Improvements	30,756,879	80,764	(30,063,141)	774,502
		Subtotal Cumulative TransNet Extension	30,756,879	80,764	(30,063,141)	774,502
Completed projects:						
		Congestion Relief	\$ 17,308,884	\$ 148	\$ (17,309,032)	\$ -
		Congestion Relief Pass Through - Regional Arterial Management Systems	118,800	-	(118,800)	-
		Maintenance	3,738,035	-	(3,738,035)	-
		Bikes and Pedestrian	948,941	1,668	(950,609)	-
		Senior Mini-Grant	34,992	-	(34,992)	-
		Smart Growth	1,000,000	-	(1,000,000)	-
		Total Completed Projects	23,149,652	1,816	(23,151,468)	-
		Total Cumulative TransNet Extension	\$ 53,906,531	\$ 82,580	\$ (53,214,609)	\$ 774,502

CITY OF SAN MARCOS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2025	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	SM31/SM42	\$ 1,345,318	\$ -	\$ (1,345,318)	\$ -	\$ -	\$ -	\$ -
Year Ended June 30, 2019	June 30, 2026	SM31/SM42	466,033	-	(466,033)	-	-	-	-
Year Ended June 30, 2020	June 30, 2027	SM31/SM42	890,385	-	(890,385)	-	-	-	-
Year Ended June 30, 2021	June 30, 2028	SM31/SM42	328,796	-	(328,796)	-	-	-	-
Year Ended June 30, 2022	June 30, 2029		1,047,857	-	(1,047,857)	-	-	-	-
Year Ended June 30, 2023	June 30, 2030		1,188,651	-	(1,188,651)	-	-	-	-
Year Ended June 30, 2024	June 30, 2031		158,490	264,554	(423,044)	-	-	-	-
Year Ended June 30, 2025	June 30, 2032		2,163,172	-	-	-	-	2,163,172	-
Interest Income			-	324,082	-	-	-	324,082	256,242
Total RTCIP Funds			<u>\$ 7,588,702</u>	<u>\$ 588,636</u>	<u>\$ (5,690,084)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,487,254</u>	<u>\$ 256,242</u>

CITY OF SANTEE, CALIFORNIA

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

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Santee, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

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

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

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

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

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: This procedure is not applicable as no interest income was reported on Schedule A.

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

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

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

Results: The City recorded total *TransNet* expenditures less debt service in the amount of \$1,483,305. We selected \$1,302,484 (87.81%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

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

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

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2025. The City charges indirect costs at the rate of 23.6% of direct salary and benefit costs associated with each project. The City allocated a total of \$30,430 of indirect costs to all RTIP projects, resulting in 0.88% of indirect costs compared to total RTIP project expenditures. We then extrapolated this percentage to calculate total *TransNet* indirect costs of \$13,092, or 0.57% of total *TransNet* expenditures. The City does not have a formal written indirect cost plan. The City's indirect cost allocation is reviewed internally and updated annually and last updated during FY25 by the Finance Director. The City's indirect cost allocation has not been reviewed by a federal or state agency or audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. Indirect costs did not exceed 10% of total expenditures, as such no explanation was obtained. No exceptions were noted as a result of our procedures.

- g. We inspected 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, 2026.

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

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

Results: This procedure is not applicable as there were no inactive projects during FY25.

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

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

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY25.

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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

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

Fiscal year 2025 apportionment	\$2,043,087
Less: debt service payment	<u>(802,717)</u>
Net estimated apportionment	1,240,370
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>372,111</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(78,708)
Maintenance fund balance	<u>(15,445)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(94,153)</u>
Fund balance under apportionment	<u>\$466,264</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 25 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are indicated on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(78,708)	\$(830,780)	\$(909,488)
Maintenance	<u>(15,445)</u>	<u>1,522,125</u>	<u>1,506,680</u>
Totals	<u>\$(94,153)</u>	<u>\$691,345</u>	<u>\$597,192</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 14.02% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$37,721,787	\$(1,158,686)	\$36,563,101
Maintenance	6,244,642	1,397,096	7,641,738
Interest	<u>5,829</u>	<u>452,935</u>	<u>458,764</u>
Total local street and road revenue	<u>\$43,972,258</u>	<u>\$691,345</u>	<u>\$44,663,603</u>
30% of total local street and road revenue			\$13,399,081
Less maintenance expenditures incurred to date			<u>(6,262,277)</u>
Available maintenance funds			<u>\$7,136,804</u>
Cumulative percentage expended for maintenance			<u>14.02%</u>

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

Results: The results are summarized below:

	Balance July 1, 2024	Additions	Principal Payments	Balance June 30, 2025	Total Debt Service*
2020 Bonds	\$2,580,000	\$ -	\$(385,000)	\$2,195,000	\$(512,352)
2021 Bonds	<u>2,870,000</u>	<u>-</u>	<u>(230,000)</u>	<u>2,640,000</u>	<u>(290,365)</u>
Total	<u>\$5,450,000</u>	<u>\$ -</u>	<u>\$(615,000)</u>	<u>\$4,835,000</u>	<u>\$(802,717)</u>

* Total Debt Service is comprised of principal payments, interest, debt service expenses, and withholdings.

12. With respect to 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.
 - i. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$1,602,208
Less MOE base year requirement	<u>(414,730)</u>
Excess MOE for the year ended June 30, 2025	<u>\$1,187,478</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$181,185. We selected \$125,014 (69.00%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

Results: The City recorded total RTCIP payroll expenditures in the amount of \$94,640, which represented 52.23% of total expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

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

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

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on November 3, 2025.

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

Results: No exceptions were noted as a result of our procedures.

14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"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, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
SNT04	2024-01	Citywide Pavement Repair & Rehab 2024	\$ (18,163)	\$ 1,030,000	\$ -	\$ (1,092,758)	\$ -	\$ (80,921)	(a)(b)
		2020 Bonds Debt Service	-	512,352	-	(512,352)	-	-	
		2021 Bonds Debt Service	-	290,365	-	(290,365)	-	-	
		Interest Income	2,213	-	-	-	-	2,213	
		Total Congestion Relief	(15,950)	1,832,717	-	(1,895,475)	-	(78,708)	
Maintenance:									
SNT22	2023-06	Citywide Slurry Seal & Roadway Maintenance 2023	(71,481)	71,481	-	-	-	-	(a)
SNT22	2024-02	Citywide Slurry Seal & Roadway Maintenance 2024	(3,839)	145,196	-	(157,750)	-	(16,393)	(a)(b)
SNT22	2024-03	Citywide Crack Sealing Program 2024	(13,891)	153,823	-	(139,932)	-	-	(a)
		Subtotal SNT22	(89,211)	370,500	-	(297,682)	-	(16,393)	
		Interest Income	948	-	-	-	-	948	
		Total Maintenance	(88,263)	370,500	-	(297,682)	-	(15,445)	
		Total Local Street Improvements	\$ (104,213)	\$ 2,203,217	\$ -	\$ (2,193,157)	\$ -	\$ (94,153)	
Smart Growth:									
SNT31	55073	Santee Town Center Specific Plan	(45,217)	102,475	-	(92,865)	(450)	(36,057)	(b)(c)
		Total Smart Growth	(45,217)	102,475	-	(92,865)	(450)	(36,057)	
Total <i>TransNet</i> Extension			\$ (149,430)	\$ 2,305,692	\$ -	\$ (2,286,022)	\$ (450)	\$ (130,210)	

Notes:

- (a) - Completed Project.
- (b) - Project deficit to be addressed through drawdown in FY26.
- (c) - Adjustment to account for unreported expenditures from FY24.

SCHEDULE B

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

<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, 2025</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SNT04	2024-01	Citywide Pavement Repair & Rehab 2024	\$ 1,037,494	\$ -	\$ (1,118,415)	\$ (80,921)
		2020 Bonds Debt Service	2,682,483	-	(2,682,483)	-
		2021 Bonds Debt Service	552,778	-	(552,778)	-
		Interest Income	-	2,213	-	2,213
		Total Congestion Relief	4,272,755	2,213	(4,353,676)	(78,708)
Maintenance:						
SNT22	2023-06	Citywide Slurry Seal & Roadway Maintenance 2023	1,068,561	-	(1,068,561)	-
SNT22	2024-02	Citywide Slurry Seal & Roadway Maintenance 2024	145,196	-	(161,589)	(16,393)
SNT22	2024-03	Citywide Crack Sealing Program 2024	153,823	-	(153,823)	-
		Subtotal SNT22	1,367,580	-	(1,383,973)	(16,393)
		Interest Income	-	948	-	948
		Total Maintenance	1,367,580	948	(1,383,973)	(15,445)
		Total Local Street Improvements	5,640,335	3,161	(5,737,649)	(94,153)
Smart Growth:						
SNT31	55073	Santee Town Center Specific Plan	317,063	-	(353,120)	(36,057)
		Total Smart Growth	317,063	-	(353,120)	(36,057)

(Continued)

SCHEDULE B

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

<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, 2025</u>
Completed Projects						
		LSI - Congestion Relief	\$ 21,028,115	\$ 1,426	\$ (21,029,541)	\$ -
		LSI - Maintenance	4,877,062	1,242	(4,878,304)	-
		Commercial Paper Debt Service	12,420,917	-	(12,420,917)	-
		Bikes and Pedestrian	<u>423,141</u>	<u>-</u>	<u>(423,141)</u>	<u>-</u>
		Total Completed Projects	<u>38,749,235</u>	<u>2,668</u>	<u>(38,751,903)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 44,706,633</u>	<u>\$ 5,829</u>	<u>\$ (44,842,672)</u>	<u>\$ (130,210)</u>

SCHEDULE C

CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2025	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024
Year Ended June 30, 2018	June 30, 2025	SNT23, SNT26	\$ 1,079,459	\$ -	\$ (891,811)	\$ -	\$ 149,466	\$ 187,648	\$ 330,651
Year Ended June 30, 2019	June 30, 2026		255,798	-	-	-	255,798	255,798	255,798
Year Ended June 30, 2020	June 30, 2027		672,284	-	-	-	672,284	672,284	672,284
Year Ended June 30, 2021	June 30, 2028		258,688	-	-	-	258,688	258,688	258,688
Year Ended June 30, 2022	June 30, 2029		301,308	-	-	-	301,308	301,308	301,308
Year Ended June 30, 2023	June 30, 2030		323,753	-	-	-	323,753	323,753	323,753
Year Ended June 30, 2024	June 30, 2031		202,666	-	-	-	202,666	202,666	202,666
Year Ended June 30, 2025	June 30, 2032		313,621	-	-	-	313,621	313,621	-
Interest Income			-	370,954	-	-	-	370,954	242,880
Total RTCIP Funds			\$ 3,407,577	\$ 370,954	\$ (891,811)	\$ -	\$ 2,477,584	\$ 2,886,720	\$ 2,588,028

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Solana Beach, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income reported in Schedule A or within the general ledger for FY25.

- ii. We inspected 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 inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures, less debt service of \$162,163, in the amount of \$210,000. We selected \$210,000 (100.00%) 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 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects in FY25.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet*

program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP during FY25.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no projects included on Schedule A that carried a negative ending balance in FY25.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2026.

Results: This procedure is not applicable as there were no projects included on Schedule A that carried a negative ending balance in FY25.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: There was one project that had been inactive over the past two years. The City indicated that for SB21, "The project is incomplete. City Council allocated \$450,000 of Measure S funds for construction in the FY25 Work Plan. No new expenditures have occurred, and the project is currently on hold. The FY25 funds have been carried over to FY26 in the Misc CIP fund. The project is estimated to be completed in December 2027". The status of this project has been added to Schedule A.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: SANDAG approved the reason for inactivity on November 12, 2025.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity included within Schedule A in FY25.
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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2025 apportionment	\$565,479
Less: debt service payment	<u>(162,163)</u>
Net estimated apportionment	403,316
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>120,995</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	1,702
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>1,702</u>
Fund balance under apportionment	<u>\$119,293</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are indicated on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$1,702	\$(354,773)	\$(353,071)
Maintenance	-	2,011,898	2,011,898
Totals	<u>\$1,702</u>	<u>\$1,657,125</u>	<u>\$1,658,827</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 3.18% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$11,714,166	\$(615,498)	\$11,098,668
Maintenance	439,587	1,903,801	2,343,388
Interest	<u>4,279</u>	<u>368,822</u>	<u>373,101</u>
Total local street and road revenue	<u>\$12,158,032</u>	<u>\$1,657,125</u>	<u>\$13,815,157</u>
30% of total local street and road revenue			\$4,144,547
Less maintenance expenditures incurred to date			<u>(439,587)</u>
Available maintenance funds			<u>\$3,704,960</u>
Cumulative percentage expended for maintenance			<u>3.18%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

	Balance July 1, 2024	Additions	Principal Payments	Balance June 30, 2025	Total Debt Service*
2010 Series A Bonds	<u>\$5,500,000</u>	\$ -	\$ -	<u>\$5,500,000</u>	<u>\$162,163</u>
Total	<u>\$5,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,500,000</u>	<u>\$162,163</u>

* Total Debt Service is comprised of principal payments, interest, debt service expenses, and withholdings.

12. With respect to 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.
 - i. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - 1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 - 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$3,119,317
Less MOE base year requirement	<u>(337,419)</u>
Excess MOE for the year ended June 30, 2025	<u>\$2,781,898</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.
Results: No exceptions were noted as a result of our procedures.
- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.
Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.
Results: No exceptions were noted as a result of our procedures.
- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.
Results: No exceptions were noted as a result of our procedures.
- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$9,637. We selected \$7,485 (77.67%) for testing. No exceptions were noted as a result of our procedures.
- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
Results: This procedure is not applicable as there were no unallowable RTCIP expenditures identified in procedure 13.c.v.
- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.
Results: This procedure is not applicable as there were no payroll expenditures incurred for RTCIP projects for the fiscal year ended June 30, 2025.
- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage

was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on September 15, 2025.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"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, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
SB16	9362.24	Annual Pavement Management - Resurfacing	\$ -	\$ 160,000	\$ -	\$ (160,000)	\$ -	\$ -	
SB21	9525.00	Santa Helena Roadside Park	-	-	-	-	-	-	(a)
SB21	9362.23	Sidewalks and Associated Street Improvements at Various Locations	(2,155)	-	-	-	2,155	-	(b)(c)
		Total SB21 Projects	(2,155)	-	-	-	2,155	-	
		2010 Series A Bonds	-	162,163	-	(162,163)	-	-	
		Interest Income	3,857	-	-	-	(2,155)	1,702	(b)
		Total Congestion Relief	1,702	322,163	-	(322,163)	-	1,702	
Maintenance:									
SB18	9362.24	Pavement Maintenance	-	50,000	-	(50,000)	-	-	
		Total Maintenance	-	50,000	-	(50,000)	-	-	
		Total Local Street Improvements	1,702	372,163	-	(372,163)	-	1,702	
		Total TransNet Extension	\$ 1,702	\$ 372,163	\$ -	\$ (372,163)	\$ -	1,702	

Notes:

- (a) Project is inactive. City Council allocated \$450,000 of funding for construction in the FY25 Work Plan. However, no new expenditures occurred in FY25, and the project remains on hold. The FY25 allocated funds have been carried over to FY26. The project is estimated to be completed in December 2027.
- (b) A transfer was made from the accumulated interest income to clear the deficit balance of project SB21 - 9362.23.
- (c) Project is complete.

SCHEDULE B

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SB16	9362.24	Annual Pavement Management - Resurfacing	\$ 285,000	\$ -	\$ (285,000)	\$ -
SB21	9525.00	Santa Helena Roadside Park	46,650	-	(46,650)	-
SB21	9362.23	Sidewalks and Associated Street Improvements				
		At Various Locations - Incl. Safe Routes to School Local Match	141,276	2,155	(143,431)	-
		Total SB21 Projects	187,926	2,155	(190,081)	-
		2010 Series A Bonds	3,116,754	-	(3,116,754)	-
		Interest Income	-	1,702	-	1,702
		Total Congestion Relief	3,589,680	3,857	(3,591,835)	1,702
Maintenance:						
SB18	9362.24	Pavement Maintenance	275,350	-	(275,350)	-
		Total Maintenance	275,350	-	(275,350)	-
		Total Local Street Improvements	\$ 3,865,030	\$ 3,857	\$ (3,867,185)	\$ 1,702

(Continued)

SCHEDULE B

CITY OF SOLANA BEACH, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project (Continued)

Year Ended June 30, 2025

<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, 2025</u>
Completed Projects						
		LSI - Congestion Relief	\$ 8,124,486	\$ 422	\$ (8,124,908)	\$ -
		LSI - Maintenance	164,237	-	(164,237)	-
		Bikes and Pedestrian	135,986	-	(135,986)	-
		Pavement Maintenance	<u>125,350</u>	<u>-</u>	<u>(125,350)</u>	<u>-</u>
		Total Completed Projects	<u>8,550,059</u>	<u>422</u>	<u>(8,550,481)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 12,415,089</u>	<u>\$ 4,279</u>	<u>\$ (12,417,666)</u>	<u>\$ 1,702</u>

SCHEDULE C

CITY OF SOLANA BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

			Cumulative							
							Funds	Cumulative Status		
Project Year	Last Date to Commit funds	MPO ID	Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed at June 30, 2025	June 30, 2025	June 30, 2024	Notes
Year Ended June 30, 2017	June 30, 2024	SB23	\$ 29,714	\$ -	\$ (12,482)	\$ -	\$ 17,232	\$ 17,232	\$ 26,869	
Year Ended June 30, 2018	June 30, 2025		36,233	-	-	-	36,233	36,233	36,233	
Year Ended June 30, 2019	June 30, 2026		46,381	-	-	-	46,381	46,381	46,381	
Year Ended June 30, 2020	June 30, 2027		7,246	-	-	-	7,246	7,246	7,246	
Year Ended June 30, 2021	June 30, 2028		10,869	-	-	-	10,869	10,869	10,869	
Year Ended June 30, 2022	June 30, 2029		88,418	-	-	-	88,402	88,418	88,418	
Year Ended June 30, 2023	June 30, 2030		86,970	-	-	-	-	86,970	86,970	
Year Ended June 30, 2024	June 30, 2031		-	-	-	-	-	-	-	
Year Ended June 30, 2025	June 30, 2032		32,607	-	-	-	-	32,607	-	
Interest Income			-	30,920	-	-	-	30,920	17,141	
Subtotal RTCIP Funds			338,438	30,920	(12,482)	-	206,363	356,876	320,127	
GASB 31 Market Value Adjustment			-	-	-	-	-	-	5,091	(a)
Total RTCIP Funds			\$ 338,438	\$ 30,920	\$ (12,482)	\$ -	\$ 206,363	\$ 356,876	\$ 325,218	

Notes:

- (a) Beginning in FY25, the GASB 31 Market Value Adjustment will no longer be reported on Schedule C.

CITY OF VISTA, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Vista, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected 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 inspected 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 \$2,530,145. We selected \$2,083,500 (82.35%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated to projects on Schedule A in FY25.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments included within Schedule A in FY25.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: This procedure is not applicable as there were no completed projects.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no projects completed within Schedule A in FY25.

- 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, 2026.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects during FY25.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects during FY25.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects in FY25.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY25.
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 inspected 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 inspected the ending balances at June 30, 2025 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments noted within Schedule A in FY25.
 - 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 on Schedule A.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2025 apportionment	\$3,304,199
Less: debt service payment	<u>-</u>
Net estimated apportionment	3,304,199
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>991,260</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(57,408)
Maintenance fund balance	<u>(31,170)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(88,578)</u>
Fund balance under apportionment	<u>\$1,079,838</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(57,408)	\$3,765,841	\$3,708,433
Maintenance	<u>(31,170)</u>	<u>3,330,908</u>	<u>3,299,738</u>
Totals	<u>\$(88,578)</u>	<u>\$7,096,749</u>	<u>\$7,008,171</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 20.95% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$29,151,898	\$2,856,732	\$32,008,630
Maintenance	9,561,186	2,922,901	12,484,087
Interest	<u>(13,496)</u>	<u>1,317,116</u>	<u>1,303,620</u>
 Total local street and road revenue	 <u>\$38,699,588</u>	 <u>\$7,096,749</u>	 <u>\$45,796,337</u>
 30% of total local street and road revenue			\$13,738,901
Less maintenance expenditures incurred to date			<u>(9,592,528)</u>
 Available maintenance funds			<u>\$4,146,373</u>
 Cumulative percentage expended for maintenance			<u>20.95%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

12. With respect to 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.
 - i. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and

3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2025, is summarized as follows:

Current year local discretionary expenditures	\$5,139,607
Less MOE base year requirement	<u>(1,703,119)</u>
Excess MOE for the year ended June 30, 2025	<u>\$3,436,488</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 inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 \$449,035. We selected \$115,143 (25.64%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures identified in procedure 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as RCTIP payroll amounts did not exceed the 20% threshold during FY25.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as there were no program revenue spent for fund administration or indirect costs.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on September 18, 2025.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We inspected 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 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
VISTA 46	8225	Street Construction/Overlay-Annual	\$ 340,965	\$ 58,810	\$ -	\$ (452,514)	\$ -	\$ (52,739)	(a)
VISTA 55	8290	Pedestrian Mobility Sidewalks	(115,929)	210,777	-	(111,156)	-	(16,308)	(a)
		Interest Income	<u>10,517</u>	<u>-</u>	<u>1,122</u>	<u>-</u>	<u>-</u>	<u>11,639</u>	
		Total Congestion Relief	<u>235,553</u>	<u>269,587</u>	<u>1,122</u>	<u>(563,670)</u>	<u>-</u>	<u>(57,408)</u>	
Maintenance:									
VISTA 53	8262	Annual Street Maintenance & Resurfacing	492	1,934,711	-	(1,966,475)	-	(31,272)	(a)
		Interest Income	<u>102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102</u>	
		Total Maintenance	<u>594</u>	<u>1,934,711</u>	<u>-</u>	<u>(1,966,475)</u>	<u>-</u>	<u>(31,170)</u>	
		Total Local Street Improvements	<u>236,147</u>	<u>2,204,298</u>	<u>1,122</u>	<u>(2,530,145)</u>	<u>-</u>	<u>(88,578)</u>	
		Total <i>TransNet</i> Extension	<u>\$ 236,147</u>	<u>\$ 2,204,298</u>	<u>\$ 1,122</u>	<u>\$ (2,530,145)</u>	<u>\$ -</u>	<u>\$ (88,578)</u>	

Notes:

(a) City will request reimbursement of programmed funds to eliminate negative balances in FY 2026.

SCHEDULE B

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
VISTA 46	8225	Street Construction/Overlay-Annual	\$ 16,222,355	\$ -	\$ (16,275,094)	\$ (52,739)
VISTA 55	8290	Pedestrian Mobility Sidewalks	1,151,913	3	(1,168,224)	(16,308)
		Interest Income	<u>-</u>	<u>11,639</u>	<u>-</u>	<u>11,639</u>
		Total Congestion Relief	<u>17,374,268</u>	<u>11,642</u>	<u>(17,443,318)</u>	<u>(57,408)</u>
Maintenance:						
VISTA 53	8262	Annual Street Maintenance & Resurfacing	6,144,711	-	(6,175,983)	(31,272)
		Interest Income	<u>-</u>	<u>102</u>	<u>-</u>	<u>102</u>
		Total Maintenance	<u>6,144,711</u>	<u>102</u>	<u>(6,175,983)</u>	<u>(31,170)</u>
		Total Local Street Improvements	<u>23,518,979</u>	<u>11,744</u>	<u>(23,619,301)</u>	<u>(88,578)</u>
Completed Projects:						
		LSI - Congestion Relief	\$ 11,777,630	\$ (25,310)	\$ (11,752,320)	\$ -
		LSI - Maintenance	3,416,475	70	(3,416,545)	-
		Senior Mini Grants	554,261	-	(554,261)	-
		Smart Growth Grants	4,399,203	-	(4,399,203)	-
		Bikes and Pedestrian	<u>4,072,534</u>	<u>-</u>	<u>(4,072,534)</u>	<u>-</u>
		Total Completed Projects	<u>24,220,103</u>	<u>(25,240)</u>	<u>(24,194,863)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 47,739,082</u>	<u>\$ (13,496)</u>	<u>\$ (47,814,164)</u>	<u>\$ (88,578)</u>

SCHEDULE C

CITY OF VISTA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2025	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2025	June 30, 2024	
Year Ended June 30, 2018	June 30, 2025	VISTA15/46	\$ 317,346	\$ -	\$ (317,346)	\$ -	\$ -	\$ -	\$ -	
Year Ended June 30, 2019	June 30, 2026	VISTA15/46	2,148,210	-	(1,432,342)	-	-	715,868	1,164,903	
Year Ended June 30, 2020	June 30, 2027		488,898	-	-	-	-	488,898	488,898	
Year Ended June 30, 2021	June 30, 2028		250,631	-	-	-	-	250,631	250,631	
Year Ended June 30, 2022	June 30, 2029		166,037	-	-	-	-	166,037	166,037	
Year Ended June 30, 2023	June 30, 2030		451,619	-	-	-	-	451,619	451,619	
Year Ended June 30, 2024	June 30, 2031		520,974	-	-	-	-	520,974	520,974	
Year Ended June 30, 2025	June 30, 2032		207,004	-	-	-	-	207,004	-	
Interest Income			-	467,435	-	-	-	467,435	366,108	
Total RTCIP Funds			4,550,719	467,435	(1,749,688)	-	-	3,268,466	3,409,170	
GASB 31 Market Value Adjustment			54,288	-	-	(54,288)	-	-	54,288	(a)
Total RTCIP Funds			<u>\$ 4,605,007</u>	<u>\$ 467,435</u>	<u>\$ (1,749,688)</u>	<u>\$ (54,288)</u>	<u>\$ -</u>	<u>\$ 3,268,466</u>	<u>\$ 3,463,458</u>	

Notes:

(a) - Adjustment to remove GASB31 Market Value Adjustment was made as the City will no longer include this moving forward.

COUNTY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the County of San Diego, California's (County's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. The County's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the County with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected 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 ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected 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 inspected 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 \$5,673,526. We selected \$1,542,091 (27.18%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: No exceptions were noted as a result of our procedures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We

documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The County allocated indirect costs to projects included in the RTIP for the year ended June 30, 2025. The County allocates indirect costs 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 \$1,094,799 of indirect costs were charged to the *TransNet* program, which resulted in an average indirect cost rate of 19.30% compared to total *TransNet* expenditures. The County stated that the indirect cost exceeded 10% due to the increase in labor costs and a decrease in non-labor costs charged to the *TransNet* projects. The County's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA. The indirect cost rates were updated and reviewed during FY25 by the County's Auditor & Controller Department. The County's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We inspected 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, 2026.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects during FY25.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects during FY25.

- 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 have any non-*TransNet* activity during FY25.

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 inspected 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 inspected the ending balances at June 30, 2025 and ensured 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 inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The County is in compliance with the 30% requirement as follows:

Fiscal year 2025 apportionment	\$22,048,107
Less: debt service payment	<u>(1,408,135)</u>
Net estimated apportionment	20,639,972
30% base	<u>30%</u>
Fiscal year 2025 30% threshold	<u>6,191,992</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	1,110,937
Maintenance fund balance	<u>33,812</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>1,144,749</u>
Fund balance under apportionment	<u>\$ 5,047,243</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 2025 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2025 are as follows:

	<u>Funds Held by County</u>	<u>Funds Held by SANDAG</u>	<u>Total</u>
Congestion Relief	\$ 1,110,937	\$ 35,365,966	\$ 36,476,903
Maintenance	<u>33,812</u>	<u>84,288,633</u>	<u>84,322,445</u>
Totals	<u>\$ 1,144,749</u>	<u>\$119,654,599</u>	<u>\$120,799,348</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 3.98% of cumulative local street and road revenue for maintenance as indicated below:

	<u>County</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$166,006,822	\$24,178,783	\$190,185,605
Maintenance	11,128,090	79,759,136	90,887,226
Interest	<u>2,028,009</u>	<u>15,716,680</u>	<u>17,744,689</u>
Total local street and road revenue	<u>\$179,162,921</u>	<u>\$119,654,599</u>	<u>\$298,817,520</u>
30% of total local street and road revenue			\$89,645,256
Less maintenance expenditures incurred to date			<u>(11,901,835)</u>
Available maintenance funds			<u>\$77,743,421</u>
Cumulative percentage expended for maintenance			<u>3.98%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The County does not include the debt service on the bonds in Schedule A. SANDAG provided the schedule of long-term debt for the County as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Total Debt Service *</u>
2023 Bonds	<u>\$13,830,490</u>	<u>\$ 157,995</u>	<u>\$ (731,772)</u>	<u>\$ 13,256,713</u>	<u>\$(1,408,135)</u>
Total	<u>\$13,830,490</u>	<u>\$ 157,995</u>	<u>\$ (731,772)</u>	<u>\$13,256,713</u>	<u>\$(1,408,135)</u>

*Total Debt Service is comprised of principal payments, interest, debt service expenses and withholdings.

12. With respect to 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.
 - i. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 1. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 2. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report; and
 3. We compared the adjusted amount to procedure 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: This procedure is not applicable as the County does not have an MOE requirement.

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected 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 project expenditures for the fiscal year ended June 30, 2025.

- vi. If unallowable expenditures were identified in procedure 13.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP project expenditures for the fiscal year ended June 30, 2025.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the

TransNet Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: No exceptions were noted as a result of our procedures.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the County did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The County provided RTCIP documentation on October 8, 2025.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We inspected 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 documented the status of any prior year findings and recommendations.

Results: The County had one prior year finding from FY24 relating to not collecting the correct required exaction fee amount due to a transposition error. As of June 30, 2025, the County was able to collect \$7.56 from a General Fund transfer. This finding is resolved.

16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the County's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

COUNTY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
CNTY14A	1010123	South Santa Fe - South	\$ 86,286	\$ -	\$ 572	\$ -	\$ 51,656	\$ 138,514	(a)
CNTY21	1003030	Bradley Avenue	9,476	2,500,000	30,674	(2,461,087)	-	79,063	
CNTY24	1003046	Cole Grade - High School	(465,040)	1,600,000	-	(1,115,433)	-	19,527	
CNTY34	1009589	Dye Road Extension	7,824	30,000	960	(9,039)	-	29,745	
CNTY35	1009591	Ramona Street Extension	4,807	30,000	736	(13,253)	-	22,290	
CNTY82	1010313	Alpine Blvd	50,542	-	1,114	-	(51,656)	-	(a)
CNTY86	1025064	AC Overlay 22/23 North	1,167,961	-	-	-	-	1,167,961	
CNTY86	1025054	AC Overlay 23/24 North	(377,664)	-	16,936	(384,869)	-	(745,597)	(b)
CNTY88	1018734	Ashwood St Corridor	(89,564)	900,000	12,326	(605,897)	-	216,865	
CNTY99	1026130	Etcheverry St Paving	46,286	220,000	5,884	(89,601)	-	182,569	
Total Congestion Relief			440,914	5,280,000	69,202	(4,679,179)	-	1,110,937	
Maintenance:									
CNTY90	1020776	Camino Del Rey Drainage	(72,312)	540,000	4,155	(438,031)	-	33,812	
Total Maintenance			(72,312)	540,000	4,155	(438,031)	-	33,812	
Total Local Street Improvements			368,602	5,820,000	73,357	(5,117,210)	-	1,144,749	

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2025	Notes
Smart Growth Incentive Program:									
CNTY101	S1022285	Community Based Transportation Program	\$ -	\$ 191,580	\$ -	\$ (191,580)	\$ -	\$ -	
		Total Smart Growth Incentive Program	-	191,580	-	(191,580)	-	-	
Competitive Land Management Grant:									
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	(116,746)	190,762	-	(184,096)	-	(110,080)	(b)
V07	S1109972	Rancho Lilac Resource Management Plan	(147,874)	139,173	-	(74,648)	-	(83,349)	(b)
V07	S1125469	Otay Ranch Preserve Enhancement Project	(4,587)	28,547	-	(31,774)	-	(7,814)	(b)
V07	S1125505	Ramona Grasslands and Boulder Oaks Preserve Bullfrog Eradication Project	-	44,789	-	(74,218)	-	(29,429)	(b)
		Total Competitive Land Management Grant	(269,207)	403,271	-	(364,736)	-	(230,672)	
Total <i>TransNet</i> Extension			\$ 99,395	\$ 6,414,851	\$ 73,357	\$ (5,673,526)	\$ -	\$ 914,077	

Notes:

- (a) CNTY82 Alpine Blvd is complete. Remaining funds transferred to to CNTY14A Santa Fe Ave – South.
 (b) Negative project status balance is due to qualifying expenditures incurred during the fiscal year. The remaining reimbursement will be received in FY25-26.

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
CNTY14A	1010123	South Santa Fe - South	\$ 1,343,968	\$ 5,045	\$ (1,210,499)	\$ 138,514
CNTY21	1003030	Bradley Avenue	13,905,617	132,475	(13,959,029)	79,063
CNTY24	1003046	Cole Grade - High School	9,698,000	59,959	(9,738,432)	19,527
CNTY34	1009589	Dye Road Extension	1,009,405	3,456	(983,116)	29,745
CNTY35	1009591	Ramona Street Extension	865,330	21,147	(864,187)	22,290
CNTY82	1010313	Alpine Blvd	5,742,344	15,903	(5,758,247)	-
CNTY86	1025064	AC Overlay 22/23 North	6,867,958	-	(5,699,997)	1,167,961
CNTY86	1025054	AC Overlay 23/24 North	-	16,936.00	(762,533)	(745,597)
CNTY88	1018734	Ashwood St Corridor	4,112,000	37,275	(3,932,410)	216,865
CNTY99	1026130	Etcheverry St Paving	450,000	5,900	(273,331)	182,569
Total Congestion Relief			<u>43,994,622</u>	<u>298,096</u>	<u>(43,181,781)</u>	<u>1,110,937</u>
Maintenance:						
CNTY90	1020776	Camino Del Rey Drainage	<u>2,221,949</u>	<u>31,369</u>	<u>(2,219,506)</u>	<u>33,812</u>
Total Maintenance			<u>2,221,949</u>	<u>31,369</u>	<u>(2,219,506)</u>	<u>33,812</u>
Total Local Street Improvements			<u>46,216,571</u>	<u>329,465</u>	<u>(45,401,287)</u>	<u>1,144,749</u>

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
Smart Growth Incentive Program:						
CNTY95	5005475	Alpine Community Plan Implementation Financing Tools and Mechanisms Plan	\$ 45,321	\$ -	\$ (45,321)	\$ -
CNTY96	5005476	Casa De Oro - Campo Road Specific Plan	499,999	-	(499,999)	-
CNTY97	5005477	Valley Center Community Plan Update	286,257	-	(286,257)	-
CNTY101	S1022285	Community Based Transportation Program	229,202	-	(229,202)	-
Total Smart Growth Incentive Program			1,060,779	-	(1,060,779)	-
Competitive Land Management Grant:						
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	1,817,292	-	(1,927,372)	(110,080)
V08	S1109972	Rancho Lilac Resource Management Plan	305,323	-	(388,672)	(83,349)
V07	S1125469	Otay Ranch Preserve Enhancement Project	70,325	-	(78,139)	(7,814)
V07	S1125505	Ramona Grasslands and Boulder Oaks Preserve Bullfrog Eradication Project	44,789	-	(74,218)	(29,429)
Total Competitive Land Management Grant			2,237,729	-	(2,468,401)	(230,672)
Subtotal Cumulative <i>TransNet</i> Extension			49,515,079	329,465	(48,930,467)	914,077
Completed Projects:						
LSI - Congestion Relief Pass Through			186,000	-	(186,000)	-
LSI - Congestion Relief			121,826,200	922,356	(122,748,556)	-
LSI - Maintenance			8,906,141	776,188	(9,682,329)	-
Bikes and Pedestrians			625,000	-	(625,000)	-
Competitive Land Management Grant			915,288	-	(915,288)	-
Total Completed Projects			132,458,629	1,698,544	(134,157,173)	-
Total Cumulative <i>TransNet</i> Extension			\$ 181,973,708	\$ 2,028,009	\$ (183,087,640)	\$ 914,077

COUNTY OF SAN DIEGO, CALIFORNIA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2025

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds committed at June 30, 2025	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	County Adjustments		June 30, 2025	June 30, 2024	
Year Ended June 30, 2017	June 30, 2024	CNTY89	\$ 1,455,074	\$ 138,607	\$ (1,230,546)	\$ -	\$ (363,135)	\$ 363,135	\$ 471,472	
Year Ended June 30, 2018	June 30, 2025	CNTY104	2,646,555	439,481	-	-	(3,086,035)	3,086,035	2,979,085	
Year Ended June 30, 2019	June 30, 2026		2,245,234	347,952	-	-	-	2,593,185	2,503,315	
Year Ended June 30, 2020	June 30, 2027		2,508,395	336,841	-	-	-	2,845,236	2,746,630	
Year Ended June 30, 2021	June 30, 2028		2,308,647	266,407	-	-	-	2,575,054	2,485,821	
Year Ended June 30, 2022	June 30, 2029		4,012,222	424,854	-	-	-	4,437,076	4,283,281	
Year Ended June 30, 2023	June 30, 2030		2,454,952	245,128	-	-	-	2,700,080	2,606,049	
Year Ended June 30, 2024	June 30, 2031		2,686,708	201,846	-	-	-	2,888,554	2,785,110	
Year Ended June 30, 2025	June 30, 2032		1,478,133	56,659	-	-	-	1,534,792	-	(a)
Total RTCIP Funds			\$ 21,795,919	\$ 2,457,774	\$ (1,230,546)	\$ -	\$ (3,449,170)	\$ 23,023,148	\$ 20,860,763	

(a) Interest income and project expenditures for FYs 17 through 25 are adjusted based on the Schedule C Guidelines. According to the Guidelines, interest earned shall be allocated equitably to each year that had a beginning balance. Expenditures were also applied to the oldest cumulative funds available.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the Independent Taxpayer Oversight Committee's (ITOC's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. ITOC's management is responsible for compliance with the Ordinances and Board Policy.

The ITOC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by ITOC with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff, Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance.

- a. We substantiated all footnotes required in Schedule A.

Results: This procedure is not applicable as there were no footnotes required in Schedule A.

- b. We agreed the beginning balance from the prior year or ensured SANDAG staff provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- 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 were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2025.
 - i. We inspected the interest income reported on Schedule A and agreed it to SANDAG's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected 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.

- e. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We inspected the total project expenditures per Schedule A and agreed to SANDAG's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected at least 25% of ITOC expenditures as reported by SANDAG to determine if they were necessary and reasonable in carrying out ITOC responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: ITOC recorded total *TransNet* expenditures in the amount of \$345,191. We selected \$89,867 (26.03%) for testing. No exceptions were noted as a result of our procedures.

- iii. If unallowable expenditures were identified in procedure 3.e.ii, we expanded the sample to include an additional 25% of ITOC expenditures and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures are required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 3.e.ii.

- iv. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: ITOC recorded total *TransNet* payroll expenditures in the amount of \$210,188, which represented 60.89% of total expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

- v. We reviewed to ensure that SANDAG's administrative expenditures complied with Commission Ordinance CO-2021-01 that the total administrative expenditures did not exceed \$250,000, as adjusted for inflation.

Results: ITOC recorded total administrative expenditures of \$210,188, which did not exceed \$250,000 as adjusted for inflation. No exceptions were noted as a result of our procedures.

4. We obtained from SANDAG staff, Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance.

- a. We inspected the ending balances at June 30, 2025 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no amounts listed in the Adjustment column of Schedule A.

5. We 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.

6. We proposed current year findings as a result of performing the above agreed-upon procedures. We included SANDAG staff's response to address the ITOC finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the

American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on ITOC's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of ITOC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

Definitions

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"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, 2025

<u>Project Name</u>	<u>Status July 1, 2024</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Committee Adjustments</u>	<u>Status June 30, 2025</u>
<i>TransNet</i> Extension:						
Independent Taxpayer Oversight Committee	\$ 348,092	\$ 514,517	\$ 25,918	\$ (345,191)	\$ -	\$ 543,336
Total <i>TransNet</i> Extension	\$ 348,092	\$ 514,517	\$ 25,918	\$ (345,191)	\$ -	\$ 543,336

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
 Cumulative Schedule of Status of Funds
 Year Ended June 30, 2025

<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Status June 30, 2025</u>
<i>TransNet</i> Extension:				
Independent Taxpayer Oversight Committee	<u>\$ 5,277,620</u>	<u>\$ 101,278</u>	<u>\$ (4,835,562)</u>	<u>\$ 543,336</u>
Total Cumulative <i>TransNet</i> Extension	<u><u>\$ 5,277,620</u></u>	<u><u>\$ 101,278</u></u>	<u><u>\$ (4,835,562)</u></u>	<u><u>\$ 543,336</u></u>

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the San Diego Metropolitan Transit System's (MTS' or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. MTS' management is responsible for compliance with the Ordinances and the Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by MTS with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained 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 inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. 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 inspected 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 inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as interest income was not reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We inspected 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 \$95,789,390. We selected \$24,748,817 (25.84%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology.

We documented whether the recipient agency's indirect cost plan had been approved by a federal or state agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: MTS allocated indirect costs to MPO ID MTS33A and SAN 80 included in the RTIP for the year ended June 30, 2025 at an overhead rate of 14.77% and a fringe rate of 56.29%. The total dollar amount of indirect costs charged was \$135,074, which represented 0.14% of total *TransNet* expenditures. MTS engaged an independent CPA firm to perform agreed-upon procedures applied to its indirect cost rates. The firm used 2 CFR Part 200 as its criteria in reviewing the rates, and concluded that MTS' rates were consistent with the provision of 2 CFR Part 200. The rates were also approved by Federal Transit Administration (FTA) for FY24. No exceptions were noted as a result of our procedure.

- g. We inspected any amounts reflected in the "Adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments for the year ended June 30, 2025.

- 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 all projects are in progress and there were no completed projects for the fiscal year ended June 30, 2025.

- 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: This procedure is not applicable as there was not a negative ending balance.

- j. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: This procedure is not applicable as there was no additional funding required.

- k. We confirmed 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.

- l. 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.

- m. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- n. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as MTS had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension). We inspected the ending balances at June 30, 2025 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included in Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: MTS is in compliance with the 30% requirement as follows:

	Senior and Disabled	Transit
Fiscal year 2025 apportionment	\$1,198,293	\$45,175,657
Less: debt service payment	_____ -	_____ -
Net estimated apportionment	1,198,293	45,175,657
30% base	_____ 30%	_____ 30%
Fiscal year 2025 30% threshold	_____ 359,488	_____ 13,552,697
Less:		
Fund balance	_____ -	_____ -
Fund balance under apportionment	\$ _____ 359,488	\$ _____ 13,552,697

9. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

10. We inspected transit operator eligibility for receipt of funds.

- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year. We documented how the transit

operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.

- b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
- c. We inspected and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2024 to 2025 was 3.71%. The change in total operating cost per revenue vehicle hour for bus services was 5.29% and the change in total operating cost per revenue vehicle mile for rail services was 9.10%. Thus, MTS was not in compliance with both bus and rail operator eligibility requirements. MTS submitted to the SANDAG Board, an exception request to the SANDAG *TransNet* requirement that the increase in total operating costs per revenue vehicle hour and mile does not exceed the increase in CPI for both Bus and Rail Operations. MTS respectively requests that the SANDAG Board of Directors approve the MTS's eligibility requirement calculation excluding \$3.98 million in personnel expenses for the Bus Operations year over year increase of 3.71% (amount above the Transportation Index in the San Diego County CPI). MTS also requests the SANDAG Board to allow Rail Operations calculation excluding \$7.65 million in expenses for the Rail Operations year over year increase of 3.71% and SB125 funded security enhancements. On June 26, 2026, the SANDAG Board of Directors approved MTS' request. Therefore, we have recalculated operator eligibility for both bus and rail services and MTS is now in compliance with this requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2025</u>	<u>2024</u>	<u>Growth Rate</u>
Operating cost for buses	\$253,482,765	\$233,388,143	
Revenue vehicle hours	2,125,893	2,029,103	
Total operating cost per revenue vehicle hour	\$119.24	\$115.02	3.67%
Consumer Price Index	306.027	295.089	3.71%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2025</u>	<u>2024</u>	<u>Growth Rate</u>
Operating cost for rail	\$142,320,811	\$136,226,744	
Revenue vehicle miles	12,265,920	12,156,157	
Total operating cost per revenue vehicle mile	\$11.60	\$11.21	3.54%
Consumer Price Index	306.027	295.089	3.71%

11. We 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on MTS' compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of MTS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
July 1, 2026

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 2025 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2024, through June 30, 2025.

"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 Metropolitan Transit System and North County Transportation Commission, which receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project
Year ended June 30, 2025

MPO ID	CIP Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	MTS Adjustments	Project Status June 30, 2025
<i>TransNet</i> Extension:								
Capital:								
Major Corridor:								
SAN262	47120	Low-Floor Light Rail Transit Vehicles	\$ -	\$ 17,548,534	\$ -	\$ (17,548,534)	\$ -	\$ -
Operating:								
Senior and Disabled Transportation:								
MTS 33A	47130	MTS Access	-	1,169,496	-	(1,169,496)	-	-
		Total Senior and Disabled Transportation	-	1,169,496	-	(1,169,496)	-	-
Transit and Trolley:								
MTS 32A	47110	MTS Preventive Maintenance	-	44,142,119	-	(44,142,119)	-	-
Major Transit Corridor Operations:								
SAN 80	47140	SuperLoop	-	3,103,506	-	(3,103,506)	-	-
SAN 80	47150	Bus Rapid Transit	-	9,818,037	-	(9,818,037)	-	-
SAN 80	47170	Mid City Bus Rapid Transit	-	3,942,808	-	(3,942,808)	-	-
SAN 80	47180	South Bay Bus Rapid Transit	-	5,749,595	-	(5,749,595)	-	-
SAN 80	47190	MidCoast	-	10,315,295	-	(10,315,295)	-	-
		Total Major Transit Corridor Operations	-	32,929,241	-	(32,929,241)	-	-
		Total Transit and Trolley	-	77,071,360	-	(77,071,360)	-	-
		Total Operating	-	78,240,856	-	(78,240,856)	-	-
		Total <i>TransNet</i> Extension	\$ -	\$ 95,789,390	\$ -	\$ (95,789,390)	\$ -	\$ -

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2025

<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, 2025</u>
<i>TransNet</i> Extension:						
Capital:						
Major Corridor:						
SAN262	47120	Low-Floor Light Rail Transit Vehicles	\$ 17,548,534	\$ -	\$ (17,548,534)	\$ -
Operating:						
Senior and Disabled Transportation:						
MTS 33A	47130	MTS Access	14,577,163	-	(14,577,163)	-
		Total Senior and Disabled Transportation	14,577,163	-	(14,577,163)	-
Transit and Trolley:						
MTS 32A	47110	MTS Preventative Maintenance	357,300,990	-	(357,300,990)	-
Major Transit Corridor Operations:						
SAN 80	47140	SuperLoop	28,392,498	-	(28,392,498)	-
SAN 80	47150	Bus Rapid Transit	87,937,340	-	(87,937,340)	-
SAN 80	47170	Mid City Bus Rapid Transit	23,667,118	-	(23,667,118)	-
SAN 80	47180	South Bay Bus Rapid Transit	37,045,796	-	(37,045,796)	-
SAN 80	47190	MidCoast	38,615,264	-	(38,615,264)	-
		Total Major Transit Corridor Operations	215,658,016	-	(215,658,016)	-
		Total Transit and Trolley	572,959,006	-	(572,959,006)	-
		Total Operating	587,536,169	-	(587,536,169)	-
		Subtotal Cumulative <i>TransNet</i> Extension	605,084,703	-	(605,084,703)	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

<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, 2025</u>
Completed Projects:						
Capital:						
Major Corridor:						
MTS28	47120	Bus & Rail Rolling Stock	\$ 2,247,000	\$ -	\$ (2,247,000)	\$ -
SAN 67	47120	Blue Line Rehab	45,442,895	-	(45,442,895)	-
Operating:						
Transit and Trolley:						
MTS 23A	47110	MTS Operating Support	<u>181,530,668</u>	<u>-</u>	<u>(181,530,668)</u>	<u>-</u>
Total Completed Projects			<u>229,220,563</u>	<u>-</u>	<u>(229,220,563)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 834,305,266</u>	<u>\$ -</u>	<u>\$ (834,305,266)</u>	<u>\$ -</u>

NORTH COUNTY TRANSIT DISTRICT

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the North County Transit District's (NCTD's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. NCTD's management is responsible for compliance with the Ordinances and the Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by NCTD with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable as NCTD does not participate in the Grant Program.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with management, the *TransNet* revenues and expenditures are not recorded in a separate fund, but NCTD maintains separate accountability for

all *TransNet* activity. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted NCTD's alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. 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 inspected 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 inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as interest income was not reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We inspected 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 \$29,524,369. We selected \$9,001,208 (30.49%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology.

We documented whether the recipient agency's indirect cost plan had been approved by a federal or state agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We inspected any amounts reflected in the "Adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments for the year ended June 30, 2025.

- 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 projects for the fiscal year ended June 30, 2025.

- 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.

- j. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: No exceptions were noted as a result of our procedures.

- k. We confirmed 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.

- I. 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.

- m. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- n. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as NCTD had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension). We inspected the ending balances at June 30, 2025 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included in Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more

than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: NCTD is in compliance with the 30% requirement as follows:

	Senior and Disabled	Transit
Fiscal year 2025 apportionment	\$490,257	\$18,482,692
Less: debt service payment	<u>-</u>	<u>(1,461,889)</u>
Net estimated apportionment	490,257	17,020,803
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2025 30% threshold	<u>147,077</u>	<u>5,106,241</u>
Less:		
Fund balance	<u>-</u>	<u>-</u>
Fund balance under apportionment	\$ <u>147,077</u>	\$ <u>5,106,241</u>

9. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2024	Additions	Principal Payments	Balance June 30, 2025	Total Debt Service *
Commercial Paper	\$17,750,000	\$ -	\$(1,400,000)	\$16,350,000	\$1,461,889

*Total Debt Service is comprised of principal repayments and allocation of commercial paper expenses.

10. We inspected transit operator eligibility for receipt of funds.

- We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.
- We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
- We inspected and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue

vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2024 to 2025 was 3.71%. The change in total operating cost per revenue vehicle hour for bus services was 4.83% and the change in total operating cost per revenue vehicle mile for rail services was 9.34%, and thus NCTD was not in compliance with both requirements. NCTD submitted to the SANDAG Board, a request to exclude bus services cost increases that were due to external events beyond NCTD's control, specifically the increase in the costs for purchased transportation, parts, and materials. In addition, NCTD submitted a request to exclude rail services cost increases, that were due to external events beyond NCTD's control, specifically the increase in the costs for salaries and benefits for train engineers and conductors, security costs, materials for COASTER bi-levels, and state-mandated transition to rail zero emission. On June 26, 2026, the SANDAG Board of Directors approved NCTD's request. Therefore, we have recalculated operator eligibility for both bus and rail services and NCTD is now in compliance with this requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2025</u>	<u>2024</u>	<u>Growth Rate</u>
Operating cost for buses	\$81,407,790	\$73,429,201	
Revenue vehicle hours	519,491	482,919	
Total operating cost per revenue vehicle hour	\$156.71	\$152.05	3.06%
Consumer Price Index	306.027	295.089	3.71%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2025</u>	<u>2024</u>	<u>Growth Rate</u>
Operating cost for rail	\$73,180,508	\$72,022,138	
Revenue vehicle miles	898,902	912,513	
Total operating cost per revenue vehicle mile	\$81.41	\$78.93	3.15%
Consumer Price Index	306.027	295.089	3.71%

11. We 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on NCTD's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of NCTD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
July 1, 2026

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 2025 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2024, through June 30, 2025.

"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 Metropolitan Transit System and North County Transportation Commission, which 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, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Operating:									
Senior and Disabled Transportation:									
NCTD03	N/A	Elderly and Disabled	\$ -	\$ 497,000	\$ -	\$ (497,000)	\$ -	\$ -	
		Total Senior and Disabled Transportation	-	497,000	-	(497,000)	-	-	
Transit:									
NCTD16B	N/A	Oceanside to Escondido Rail - SPRINTER Debt Service	-	1,850,000	-	(1,850,000)	-	-	
NCTD34	N/A	Transit Service Operating Support	-	16,830,000	-	(16,830,000)	-	-	
		Total Transit	-	18,680,000	-	(18,680,000)	-	-	
		Total Operating	-	19,177,000	-	(19,177,000)	-	-	
Capital:									
Major Corridor:									
SAN80	N/A	COASTER Expanded Service	(1,936,350)	7,707,132	-	(7,183,635)	-	(1,412,853)	(a)
SAN260	420009	COASTER Train Sets	(859,264)	3,982,998	-	(3,163,734)	-	(40,000)	(a)
		Total Major Corridor	(2,795,614)	11,690,130	-	(10,347,369)	-	(1,452,853)	
		Total Capital	(2,795,614)	11,690,130	-	(10,347,369)	-	(1,452,853)	
Total <i>TransNet</i> Extension			\$ (2,795,614)	\$ 30,867,130	\$ -	\$ (29,524,369)	\$ -	\$ (1,452,853)	

Note:

(a) Due as of June 30, 2025; to be reimbursed by SANDAG from TransNet Major Corridor funds.

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Operating:						
Senior and Disabled Transportation:						
NCTD03	N/A	Elderly and Disabled	\$ 5,941,325	\$ -	\$ (5,941,325)	\$ -
		Total Senior and Disabled Transportation	5,941,325	-	(5,941,325)	-
Transit:						
NCTD16B	N/A	Oceanside to Escondido Rail Operations	28,555,112	-	(28,555,112)	-
NCTD34	N/A	Transit Service Operating Support	194,017,628	-	(194,017,628)	-
		Total Transit	222,572,740	-	(222,572,740)	-
		Total Operating	228,514,065	-	(228,514,065)	-
Capital:						
Major Corridor:						
SAN80	N/A	COASTER Expanded Service	26,040,755	-	(27,453,608)	(1,412,853)
SAN260	420009	COASTER Train Sets	24,959,999	-	(24,999,999)	(40,000)
		Total Major Corridor	51,000,754	-	(52,453,607)	(1,452,853)
		Total Capital	51,000,754	-	(52,453,607)	(1,452,853)
		Subtotal Cumulative <i>TransNet</i> Extension	279,514,819	-	(280,967,672)	(1,452,853)
Completed Projects:						
Operating:						
		<i>TransNet</i> Senior Mini Grant	217,941	-	(217,941)	-
Capital:						
		Major Corridor	69,636,783	429,576	(70,066,359)	-
		Bike, Pedestrian and Neighborhood Safety (BPNS) Inland Rail Trail	3,870,000	25,257	(3,895,257)	-
Transit:						
		Preventive Maintenance	1,715,876	-	(1,715,876)	-
		Total Completed Projects	75,440,600	454,833	(75,895,433)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 354,955,419	\$ 454,833	\$ (356,863,105)	\$ (1,452,853)

SCHEDULE A

NORTH COUNTY TRANSIT DISTRICT
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:									
Operating:									
Senior and Disabled Transportation:									
NCTD03	N/A	Elderly and Disabled	\$ -	\$ 497,000	\$ -	\$ (497,000)	\$ -	\$ -	
		Total Senior and Disabled Transportation	-	497,000	-	(497,000)	-	-	
Transit:									
NCTD16B	N/A	Oceanside to Escondido Rail - SPRINTER Debt Service	-	1,850,000	-	(1,850,000)	-	-	
NCTD34	N/A	Transit Service Operating Support	-	16,830,000	-	(16,830,000)	-	-	
		Total Transit	-	18,680,000	-	(18,680,000)	-	-	
		Total Operating	-	19,177,000	-	(19,177,000)	-	-	
Capital:									
Major Corridor:									
SAN80	N/A	COASTER Expanded Service	(1,936,350)	7,707,132	-	(7,183,635)	-	(1,412,853)	(a)
SAN260	420009	COASTER Train Sets	(859,264)	3,982,998	-	(3,163,734)	-	(40,000)	(a)
		Total Major Corridor	(2,795,614)	11,690,130	-	(10,347,369)	-	(1,452,853)	
		Total Capital	(2,795,614)	11,690,130	-	(10,347,369)	-	(1,452,853)	
Total <i>TransNet</i> Extension			\$ (2,795,614)	\$ 30,867,130	\$ -	\$ (29,524,369)	\$ -	\$ (1,452,853)	

Note:

(a) Due as of June 30, 2025; to be reimbursed by SANDAG from TransNet Major Corridor funds.

SCHEDULE B

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2025
TransNet Extension:						
Operating:						
Senior and Disabled Transportation:						
NCTD03	N/A	Elderly and Disabled	\$ 5,941,325	\$ -	\$ (5,941,325)	\$ -
		Total Senior and Disabled Transportation	5,941,325	-	(5,941,325)	-
Transit:						
NCTD16B	N/A	Oceanside to Escondido Rail Operations	28,555,112	-	(28,555,112)	-
NCTD34	N/A	Transit Service Operating Support	194,017,628	-	(194,017,628)	-
		Total Transit	222,572,740	-	(222,572,740)	-
		Total Operating	228,514,065	-	(228,514,065)	-
Capital:						
Major Corridor:						
SAN80	N/A	COASTER Expanded Service	26,040,755	-	(27,453,608)	(1,412,853)
SAN260	420009	COASTER Train Sets	24,959,999	-	(24,999,999)	(40,000)
		Total Major Corridor	51,000,754	-	(52,453,607)	(1,452,853)
		Total Capital	51,000,754	-	(52,453,607)	(1,452,853)
		Subtotal Cumulative <i>TransNet</i> Extension	279,514,819	-	(280,967,672)	(1,452,853)
Completed Projects:						
Operating:						
		<i>TransNet</i> Senior Mini Grant	217,941	-	(217,941)	-
Capital:						
		Major Corridor	69,636,783	429,576	(70,066,359)	-
		Bike, Pedestrian and Neighborhood Safety (BPNS) Inland Rail Trail	3,870,000	25,257	(3,895,257)	-
Transit:						
		Preventive Maintenance	1,715,876	-	(1,715,876)	-
		Total Completed Projects	75,440,600	454,833	(75,895,433)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 354,955,419	\$ 454,833	\$ (356,863,105)	\$ (1,452,853)

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the San Diego Association of Governments' (SANDAG's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. SANDAG's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by SANDAG with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures for SANDAG and SDCRTC for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc). We determined that the projects are properly classified by SANDAG and SDCRTC.

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. 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 inspected 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 reported on Schedule A.

- ii. We inspected 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, 2025.

- i. We inspected the total project expenditures per Schedule A and agreed to the respective recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: SANDAG recorded total *TransNet* expenditures in the amount of \$75,005,949. We selected \$26,337,381 (35.11%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transaction and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: SANDAG recorded total *TransNet* payroll expenditures in the amount of \$15,997,344, which represented 21.33% of total expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the

methodology. We documented whether the recipient agency's indirect cost plan had been approved by a federal or state agency or audited by an independent certified public accounting firm. We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: SANDAG allocated indirect costs to projects included in the RTIP for the year ended June 30, 2025. SANDAG allocates indirect costs at a rate of 112.65% of direct labor costs associated with each project. SANDAG allocated a total of \$5,786,526 of indirect costs to projects, resulting in 7.71% of indirect costs compared to total *TransNet* expenditures. SANDAG's indirect cost plan was reviewed and approved by the State of California Department of Transportation on October 29, 2024, 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 inspected any amounts reported in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no amounts reported in the adjustments column 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 presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type or authorization and date of authorization.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no projects with a negative ending balance.

- j. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2026.

Results: No exceptions were noted as a result of our procedures.
 - k. We confirmed 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.
 - l. We obtained approval from SANDAG staff for reasons of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
 - m. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined 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 was no transfer of funds between projects.
 - n. 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 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 inspected 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 inspected the ending balances at June 30, 2025 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no amounts reported in the adjustments column on Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: This procedure is not applicable as SANDAG does not track completed projects within Schedule A.

8. We inspected the ending project status per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. SANDAG is not a recipient of an annual apportionment.

9. If applicable (including SDCRTC), we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2025.

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 \$60,824,408 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, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2025</u>
Commercial Paper	\$6,442,873	\$375,102	\$ -	\$6,817,975
2008 Bonds	36,830,398	-	-	36,830,398
2010 Bonds	2,941,218	36,853	-	2,978,071
2012 Bonds	2,338,585	-	-	2,338,585
2014 Bonds	1,317,339	243	-	1,317,582
2016 Bonds	1,225,172	4,135	-	1,229,307
2017 TIFIA Loan	1,296,763	-	-	1,296,763

<u>Debt Issuance</u>	<u>Balance at July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2025</u>
2018 Short Term	1,568,811	-	-	1,568,811
2019 Bonds	1,446,190	2,600	-	1,448,790
2020 Bonds	426,374	3,077	-	429,451
2021 Bonds	1,345,019	3,079	-	1,348,098
2021 Note	966,605	-	-	966,605
2022 Note	583,227	45,801	-	629,028
2021 TIFIA Loan	5,033	5,630	-	10,663
2023 Bonds *	<u>1,611,256</u>	<u>3,025</u>	<u>-</u>	<u>1,614,281</u>
Total	<u>\$60,344,863</u>	<u>\$479,545</u>	<u>\$ -</u>	<u>\$60,824,408</u>

* The Balance at July 1, 2024 of the 2023 Bonds was adjusted to include previously unreported debt issuance costs.

11. We inspected to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance:

- a. We inspected and ensured that the total administrative expenditures did not exceed 2% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected the administrative expenditure project numbers and ensured only projects approved in the 2025 Budget were included in administrative expenditures.

Results: SANDAG recorded total administrative expenditures in the amount of \$8,604,547. We reviewed the detail of administrative expenditures and noted the following cost centers included within:

<u>Cost Center</u>	<u>Amount Expended</u>
Payroll Expenses	\$5,130,102
Operational Expenses	3,043,699
Board of Directors	247,738
Legal Fees	<u>183,008</u>
Total	<u>\$8,604,547</u>

- c. We selected at least 25% of the administrative expenditures and ensured they were expended by SANDAG for costs necessary to administer *TransNet*.

Results: SANDAG recorded total administrative expenditures in the amount of \$8,604,547. We selected \$2,185,079 (25.39%) for testing. No exceptions were noted as a result of our procedures.

- d. If unallowable expenditures were identified in step 11.c, we expanded the sample to include an additional 25% of administrative expenditures, and

documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures noted in step 11.c.

- e. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: SANDAG recorded administrative payroll expenditures in the amount of \$5,130,102, or 59.62% of total administrative expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

- 12. For SANDAG, acting as the SDCRTC, only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected the FY 2025 *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 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.

- 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, 2025.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not

conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on SANDAG's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of SANDAG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 8, 2026

GLOSSARY OF TERMS

Definitions

"Current Fiscal Year" means the fiscal period of July 1, 2024 through June 30, 2025.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including SANDAG and SDCRTC, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"SDCRTC" means the San Diego County Regional Transportation Commission, a blended component unit of SANDAG.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2025	Notes
TransNet Extension:								
Administration:								
		SANDAG 2% Administration	\$ 90,000	\$ 8,680,810	\$ (8,604,547)	\$ -	\$ 166,263	
		Total Administration	90,000	8,680,810	(8,604,547)	-	166,263	
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass Through:								
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	-	11,997	(11,997)	-	-	
		Total BPNS - Pass Through	-	11,997	(11,997)	-	-	
BPNS:								
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	164,540	(164,540)	-	-	
SAN153	1223023	Inland Rail Trail	-	23,706	(23,706)	-	-	
SAN153	1223094	Inland Rail Trail Ph 3	-	703,740	(703,740)	-	-	
SAN153	1223095	Inland Rail Trail Ph 4	-	9,386	(9,386)	-	-	
		Total SAN153	-	736,832	(736,832)	-	-	
SAN155	1223016	Coastal Rail Trail - Rose Creek	-	12,366	(12,366)	-	-	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	11,813	(11,813)	-	-	
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	-	53,907	(53,907)	-	-	
SAN195	1223055	Bayshore Bikeway: Barrio Logan Phase 1	-	2,219,196	(2,219,196)	-	-	
SAN195	1223096	Bayshore Bikeway: Barrio Logan Phase 2	-	668,047	(668,047)	-	-	
SAN195	1223098	Bayshore Bikeway: Barrio Logan Phase 3	-	463,045	(463,045)	-	-	
		Total SAN195	-	3,350,288	(3,350,288)	-	-	
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	-	9,378	(9,378)	-	-	
SAN203	1223056	San Ysidro to IB Parkway	-	421,727	(421,727)	-	-	
		Subtotal BPNS	-	4,760,851	(4,760,851)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2025	Notes
		BPNS balance carried forward	\$ -	\$ 4,760,851	\$ (4,760,851)	\$ -	\$ -	
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	-	216,468	(216,468)	-	-	
SAN206	1223058	Southeast to Downtown Bikeway	-	575,915	(575,915)	-	-	
SAN230	1223079	North Park/Mid-City Bikeways: Howard Bikeway	-	155,607	(155,607)	-	-	
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	-	705,646	(705,646)	-	-	
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	-	97,179	(97,179)	-	-	
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	-	490,890	(490,890)	-	-	
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	-	(27,236)	27,236	-	-	(a)
SAN272	1223093	GObyBIKE San Diego: Construction Outreach Program	-	11,138	(11,138)	-	-	
SAN284	1223087	North Park/Mid-City Orange Bikeway	-	285,751	(285,751)	-	-	
SAN310	1223097	Bayshore to Imperial Bikeway	-	42,501	(42,501)	-	-	
VISTA54	1224035	Paseo Santa Fe Phase II (Congestion Relief)	-	-	-	-	-	
		Total BPNS	-	7,314,710	(7,314,710)	-	-	
		Senior Services Pass Through:						
SAN70	1272800	On the Go (SMG)	-	594,588	(594,588)	-	-	
SAN87	1272700	Elderhelp - Volunteer Driver Program	-	144,207	(144,207)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	241,211	(241,211)	-	-	
SAN168	1271900	FACT Mobility Management	-	503,832	(503,832)	-	-	
		Total Senior Services Pass Through	-	1,483,838	(1,483,838)	-	-	
		Senior Services:						
SAN40	3320201	Specialized Transportation	-	164,905	(164,905)	-	-	
		Total Senior Services	-	164,905	(164,905)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2025	Notes
Smart Growth Pass Through:								
CNTY101	1224074	Community Based Transportation Program	\$ -	\$ 153,242	\$ (153,242)	\$ -	\$ -	
EL40	1224067	El Cajon Transit Center Community Connection Improvements	-	318	(318)	-	-	
EL41	1224068	Main Street - Green Street Gateway	-	577,648	(577,648)	-	-	
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Congestion	-	(66,996)	66,996	-	-	(b)
ESC59	1224070	Escondido GP Amend / EnvRevi	-	146,631	(146,631)	-	-	
LG26	1224069	Connect Main Street, Ph 1&2	-	903,514	(903,514)	-	-	
SAN306	1224072	Mid-City Comm SG Study Areas	-	251,964	(251,964)	-	-	
SAN307	1224073	Santee Specific Plan	-	82,865	(82,865)	-	-	
SD262	1224065	East Village Green Park Phase I	-	757,554	(757,554)	-	-	
Total Smart Growth Pass Through			-	2,806,740	(2,806,740)	-	-	
Smart Growth:								
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	164,541	(164,541)	-	-	
Total Smart Growth			-	164,541	(164,541)	-	-	
Regional Environmental Mitigation Program (EMP) - Pass-Through:								
V07	12002xx	Caltrans EMP	-	6,767,140	(6,767,140)	-	-	
V08	1201342	West Otay Mesa Stinknet Removal	-	16,420	(16,420)	-	-	
V08	1201343	Otay Mesa Vernal Pool Retoration	-	12,767	(12,767)	-	-	
V08	1201344	Otay Ranch Preserve Enhancement	-	6,624	(6,624)	-	-	
V08	1201346	Famosa Slough Stormwater Treatment	-	40,262	(40,262)	-	-	
V08	1201348	San Miguel HMA Perimeter	-	22,203	(22,203)	-	-	
V08	1201351	San Diego Thornmint Enhancement	-	7,814	(7,814)	-	-	
V08	1201353	Dennery Canyon Restoration	-	79,726	(79,726)	-	-	
V08	1201355	Ramona Bullfrog Eradication	-	82,464	(82,464)	-	-	
V08	1201356	Mission Trails Thornmint Restoration	-	35,503	(35,503)	-	-	
V08	1201357	Rare Dune Plant Restoration	-	32,856	(32,856)	-	-	
V08	1201358	SPBDR Stinknet Removal II	-	60,099	(60,099)	-	-	
V08	1201359	West Bernardo Mountain HMA	-	31,803	(31,803)	-	-	
V08	1201360	Ocean Beach Estuary Enhancement	-	69,207	(69,207)	-	-	
Total V08			-	497,747	(497,747)	-	-	
Total Regional EMP - Pass Through			-	7,264,887	(7,264,887)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2025	Notes
Environmental Mitigation Program (EMP):								
V07	12002xx	Biological Mitigation	\$ -	\$ 4,815,131	\$ (4,815,131)	\$ -	\$ -	
V08	12003xx/12013xx	Regional Habitat Conservation Fund	-	3,907,857	(3,907,857)	-	-	
		Total EMP	-	8,722,988	(8,722,988)	-	-	
Bus Rapid Transit (BRT)/Rail Operations:								
SAN80	1130100	Financial ERP System	-	(458,780)	458,780	-	-	(a)
SAN80	3310704	TDM - Reg'l Vanpool Program	-	5,700	(5,700)	-	-	
SAN80	3310714	Mobility & Innovations Program	-	366,177	(366,177)	-	-	
SAN80	3322600	Digital Equity Action Plan Implementation	-	(6,659)	6,659	-	-	(a)
		Total BRT/Rail Operations	-	(93,562)	93,562	-	-	
Major Corridor - Pass-Through:								
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	(589,243)	589,243	-	-	(c)
CAL09	1200509	I-5 San Elijo Bridge Replace	-	435,230	(435,230)	-	-	
CAL09	1200510	I-5 HOV Carlsbad	-	155,076	(155,076)	-	-	
		Total CAL09	-	1,063	(1,063)	-	-	
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	-	(15,000)	15,000	-	-	(c)
CAL29B	1207606	SR 76 East	-	(1,429,429)	1,429,429	-	-	(c)
CAL67	1280518	SR94 TP Lanes I-805 to I-5	-	54,000	(54,000)	-	-	
CAL68	1212501	SR94/SR125 S to E Connector	-	602,130	(602,130)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	(15,675)	15,675	-	-	(c)
CAL78D	1280515	I-805 South Soundwalls - Unit 1	-	1,727,000	(1,727,000)	-	-	
CAL114	1200513	SR56 Auxiliary Lane	-	13,118	(13,118)	-	-	
CAL277	1207802	I-15/SR78 HOV Connector	-	1,263,000	(1,263,000)	-	-	
CAL277A	1207803	SR78/I-5 HOV Connector	-	1,178,438	(1,178,438)	-	-	
		Subtotal Major Corridor - Pass-Through	-	3,378,645	(3,378,645)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2025	Notes
		Local Street Improvements balance carried forward	\$ -	\$ 3,378,645	\$ (3,378,645)	\$ -	\$ -	
CAL536	1205204	SR-52 Operational Improvements	-	9,690	(9,690)	-	-	
CAL547	1280520	I-805/SR94/15 Transit Connector	-	77,000	(77,000)	-	-	
CAL571	1280519	I-805 Transit Priority Lanes (SR94 to SR52)	-	1,761,000	(1,761,000)	-	-	
CAL614	1280516	I-805 North Construct Operational Improvements	-	674,000	(674,000)	-	-	
CAL633	1280521	I-805 S: HOV to Exp (Pal-94)	-	623,985	(623,985)	-	-	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	19,983	(19,983)	-	-	
SAN183	1239816	Batiquitos Lagoon Double Track	-	541,881	(541,881)	-	-	
SAN262	1210090	Low-Floor Light Rail Transit Vehicles	-	17,548,534	(17,548,534)	-	-	
V11	1201101	State Route 11	-	166,000	(166,000)	-	-	
		Total Major Corridor - Pass-Through	-	24,800,718	(24,800,718)	-	-	
		Major Corridor:						
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	99,104	(99,104)	-	-	
CAL09	1200509	I-5 San Elijo Bridge Replace	-	51,244	(51,244)	-	-	
CAL09	1200510	I-5 HOV Carlsbad	-	1,486,908	(1,486,908)	-	-	
		Total CAL09	-	1,637,256	(1,637,256)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	1,535	(1,535)	-	-	
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	-	160	(160)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	380	(380)	-	-	
CAL29B	1207606	SR 76 East	-	(56,417)	56,417	-	-	(c)
CAL67	1280518	SR94 TP Lanes I-805 to I-5	-	96,319	(96,319)	-	-	
CAL68	1212501	SR94/SR125 S to E Connector	-	115,800	(115,800)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	7,030	(7,030)	-	-	
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	5,142	(5,142)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	10,981	(10,981)	-	-	
		Subtotal Major Corridor	-	1,818,186	(1,818,186)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2025	Notes
		Major Corridor balance carried forward	\$ -	\$ 1,818,186	\$ (1,818,186)	\$ -	\$ -	
CAL78D	1280515	I-805 S Soundwalls	-	432,565	(432,565)	-	-	
CAL114	1200513	SR56 Auxiliary Lane	-	4,480	(4,480)	-	-	
CAL277	1207802	I-15/SR78 HOV Connectors	-	(47,811)	47,811	-	-	(a)
CAL277A	1207803	SR78/I-5 HOV Connector	-	38,925	(38,925)	-	-	
CAL278	1207804	SR78 HOV Lanes: I-5 to I-15	-	64,930	(64,930)	-	-	
CAL398A	1200512	I-5/Genesee Auxiliary Lane	-	22,407	(22,407)	-	-	
CAL536	1205204	SR-52 Operational Improvements	-	209,611	(209,611)	-	-	
CAL538	1206701	SR67 Improvements	-	261,399	(261,399)	-	-	
CAL551	1609401	CMCP-High Speed Transit/SR-94	-	8,317	(8,317)	-	-	
CAL571	1280519	I-805 Transit Priority Lanes (SR94-SR52)	-	55,913	(55,913)	-	-	
CAL614	1280516	I-805 North Construct Operational Improvements	-	11,380	(11,380)	-	-	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	1,338,667	(1,338,667)	-	-	
SAN26B	1201509	Downtown BRT Stations	-	21,159	(21,159)	-	-	
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	(20,335)	20,335	-	-	(d)
SAN29	1239812	Sorrento to Miramar Phase 2	-	513,827	(513,827)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	-	245,959	(245,959)	-	-	
SAN36	1129200	OCS Insulator/Catch Cable Replacement	-	5,678	(5,678)	-	-	
SAN40	1130100	Financial ERP System	-	1,290,121	(1,290,121)	-	-	
SAN46	1041502	Super Loop	-	13	(13)	-	-	
SAN47	1280504	South Bay BRT	-	229,586	(229,586)	-	-	
SAN54	1144800	Regional Arterial Detection P1	-	129,538	(129,538)	-	-	
SAN54	1147700	Next Operating System (Next OS)	-	72,321	(72,321)	-	-	
SAN54	3310500	511 ATIS	-	214,573	(214,573)	-	-	
SAN54	3311000	ITS Operations	-	789,257	(789,257)	-	-	
SAN54	3330700	TSM-Integrated Corridor Management Program	-	1,169,988	(1,169,988)	-	-	
		Total SAN54	-	2,375,677	(2,375,677)	-	-	
		Subtotal Major Corridor	-	8,880,654	(8,880,654)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2025	Notes
		Major Corridor balance carried forward	\$ -	\$ 8,880,654	\$ (8,880,654)	\$ -	\$ -	
SAN64	1239809	Eastbrook to Shell Double Track	-	173,478	(173,478)	-	-	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	18,180	(18,180)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	19,750	(19,750)	-	-	
SAN117	1239805	Poinsettia Station Improvements	-	(25,884)	25,884	-	-	(d)
SAN119	1239807	Sorrento Valley Double Track	-	6,367	(6,367)	-	-	
SAN129	1201514	Downtown Multiuse and Bus Stopover Facility	-	302,041	(302,041)	-	-	
SAN132	1239811	Elvira to Morena Double Track	-	324,855	(324,855)	-	-	
SAN149	1239814	Coaster PE	-	234,100	(234,100)	-	-	
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	-	(10,178)	10,178	-	-	(d)
SAN182	1239815	San Diego River Bridge	-	(33)	33	-	-	(d)
SAN183	1239816	Batiquitos Lagoon Double Track	-	6,458,875	(6,458,875)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	422,092	(422,092)	-	-	
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	-	1,642,087	(1,642,087)	-	-	
SAN253	1600504	CMCP - CMH & Connections	-	227,549	(227,549)	-	-	
SAN254	1600801	CMCP-High Speed Transit/I-8	-	856	(856)	-	-	
SAN256	1612501	CMCP-High Speed Transit/SR125	-	186	(186)	-	-	
SAN258	1149000	Central Mobility Station	-	(7,999,845)	7,999,845	-	-	(a)
SAN259	1239821	LOSSAN Corridor Improvements	-	(20)	20	-	-	(d)
SAN260	1239820	COASTER Train Sets	-	521,612	(521,612)	-	-	
SAN262	1210090	Low-Floor Light Rail Transit Vehicles	-	9,587	(9,587)	-	-	
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	-	136,782	(136,782)	-	-	
SAN269	1600101	CMCP - Region Wide Plan	-	16,830	(16,830)	-	-	
SAN281	1210021	Blue Line Railway Signal Improvements	-	186,094	(186,094)	-	-	
SAN289	1239823	San Dieguito to Sorrento Valley Double-Track	-	269,003	(269,003)	-	-	
SAN318	1239825	Wall 805 Stabilization	-	300,006	(300,006)	-	-	
		Subtotal Major Corridor	-	12,115,024	(12,115,024)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Project Status July 1, 2024	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2025	Notes
		Major Corridor balance carried forward	\$ -	\$ 12,115,024	\$ (12,115,024)	\$ -	\$ -	
V11	1201101	State Route 11	-	735,063	(735,063)	-	-	
V11	1201105	SR11/OME POE Traffic Rev Study	-	444,058	(444,058)	-	-	
V11	1201106	SR11/OME POE: Utility Improvements	-	365,796	(365,796)	-	-	
		Total V11	-	1,544,917	(1,544,917)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	90,001	(90,001)	-	-	
V18	1200507	I-5/Voigt Drive Improvements	-	9,698	(9,698)	-	-	
		Total Major Corridor	-	13,759,640	(13,759,640)	-	-	
		Total <i>TransNet</i> Extension	\$ 90,000	\$ 75,082,212	\$ (75,005,949)	\$ -	\$ 166,263	

Notes:

- (a) *TransNet* funds were returned in FY25 due to other funding received for prior year expenditures.
- (b) *TransNet* funds were returned in FY25 for overstated project expenses in prior year.
- (c) *TransNet* funds were returned in FY25 due to Caltrans EAP refund of excess deposit on hand. See Caltrans AUP for more detail.
- (d) Negative expenditures in FY25 due to prior year corrections.

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2025
TransNet Extension:					
Administration:					
		SANDAG 2% Administration	\$ 68,393,811	\$ (68,227,548)	\$ 166,263
		Total Administration	<u>68,393,811</u>	<u>(68,227,548)</u>	<u>166,263</u>
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through:					
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	601,356	(601,356)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	4,786,000	(4,786,000)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	<u>28,937</u>	<u>(28,937)</u>	<u>-</u>
		Total BPNS - Pass Through	<u>5,416,293</u>	<u>(5,416,293)</u>	<u>-</u>
BPNS:					
SAN40	3300100/ 3300200/ 3300300	Metropolitan Planning	1,136,376	(1,136,376)	-
SAN153	1223023	Inland Rail Trail	20,826,149	(20,826,149)	-
SAN153	1223094	Inland Rail Trail Ph 3	2,511,455	(2,511,455)	-
SAN153	1223095	Inland Rail Trail Ph 4	<u>52,117</u>	<u>(52,117)</u>	<u>-</u>
		Total SAN153	<u>23,389,721</u>	<u>(23,389,721)</u>	<u>-</u>
SAN154	1129900	Bayshore Bikeway Segment 8B	779,915	(779,915)	-
SAN155	1223016	Coastal Rail Trail - Rose Creek	23,032,867	(23,032,867)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	3,217,261	(3,217,261)	-
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	1,152,981	(1,152,981)	-
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	<u>21,507,611</u>	<u>(21,507,611)</u>	<u>-</u>
SAN195	1223055	Bayshore Bikeway: Barrio Logan Phase 1	12,773,510	(12,773,510)	-
SAN195	1223096	Bayshore Bikeway: Barrio Logan Phase 2	960,783	(960,783)	-
SAN195	1223098	Bayshore Bikeway: Barrio Logan Phase 3	<u>463,045</u>	<u>(463,045)</u>	<u>-</u>
		Total SAN195	<u>14,197,338</u>	<u>(14,197,338)</u>	<u>-</u>
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	<u>929,689</u>	<u>(929,689)</u>	<u>-</u>
		Subtotal BPNS	<u>89,343,759</u>	<u>(89,343,759)</u>	<u>-</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2025
		Balance carried forward - BPNS	\$ 89,343,759	\$ (89,343,759)	\$ -
SAN203	1223056	San Ysidro to IB Parkway	4,111,955	(4,111,955)	-
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	1,833,562	(1,833,562)	-
SAN205	1223057	NP to Downtown/Balboa Bikeway	18,130,968	(18,130,968)	-
SAN206	1223058	Southeast to Downtown Bikeway	4,555,433	(4,555,433)	-
SAN230	1223079	North Park/Mid-City Bikeways: Howard Bikeway	1,630,100	(1,630,100)	-
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	4,520,693	(4,520,693)	-
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	26,418,273	(26,418,273)	-
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	3,149,010	(3,149,010)	-
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	4,339,945	(4,339,945)	-
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	183,658	(183,658)	-
SAN272	1223093	GObyBIKE San Diego: Construction Outreach Program	585,545	(585,545)	-
SAN284	1223087	North Park/Mid-City Orange Bikeway	1,621,921	(1,621,921)	-
SAN310	1223097	Bayshore to Imperial Bikeway	<u>52,201</u>	<u>(52,201)</u>	-
		Total BPNS	<u>160,477,023</u>	<u>(160,477,023)</u>	-
		Senior Services - Pass-Through:			
SAN70	1271000	Jewish Family Services - Rides and Smiles	1,384,780	(1,384,780)	-
SAN70	1271800	On the Go (Eastern San Diego)	1,314,010	(1,314,010)	-
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and	1,639,789	(1,639,789)	-
SAN70	1272800	On the Go (SMG)	<u>941,894</u>	<u>(941,894)</u>	-
		Total SAN70	<u>5,280,473</u>	<u>(5,280,473)</u>	-
SAN87	1272700	Elderhelp - Volunteer Driver Program	531,522	(531,522)	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	<u>639,532</u>	<u>(639,532)</u>	-
		Subtotal Senior Services - Pass-Through	<u>6,451,527</u>	<u>(6,451,527)</u>	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS TransNet Extension Activities Cumulative Schedule of Status of Funds by Project (Continued) Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2025
		Balance carried forward - Senior Services - Pass-Through	\$ 6,451,527	\$ (6,451,527)	\$ -
SAN92	1271300	Travelers Aid Society - SeniorRide	2,659,085	(2,659,085)	-
SAN141	1271000	Jewish Family Services	928,710	(928,710)	-
SAN168	1271900	FACT Mobility Management	2,916,512	(2,916,512)	-
SAN243	1272600	FACT - RIDEFinder	98,701	(98,701)	-
SAN279	1272600	FACT - RIDEFinder	86,775	(86,775)	-
		Total Senior Services - Pass-Through	13,141,310	(13,141,310)	-
		Senior Services:			
	3320100/				
SAN40	3320201	Short Range Transit Svc Activities/Specialized Transportation	1,196,313	(1,196,313)	-
		Total Senior Services	1,196,313	(1,196,313)	-
		Smart Growth - Pass-Through:			
CNTY101	1224074	Community Based Transportation Program	254,668	(254,668)	-
EL40	1224067	El Cajon Transit Center Community Connection Improvements	2,499,999	(2,499,999)	-
EL41	1224068	Main Street - Green Street Gateway	2,499,998	(2,499,998)	-
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Congestion Relief)	1,220,226	(1,220,226)	-
ESC59	1224070	Escondido GP Amend / EnvRevi	146,631	(146,631)	-
LG26	1224069	Connect Main Street, Ph 1&2	2,032,256	(2,032,256)	-
SAN306	1224072	Mid-City Comm SG Study Areas	499,997	(499,997)	-
SAN307	1224073	Santee Specific Plan	352,290	(352,290)	-
SD262	1224065	East Village Green Park Phase I	1,022,529	(1,022,529)	-
		Total Smart Growth - Pass-Through	10,528,594	(10,528,594)	-
		Smart Growth:			
SAN40	3300100	TransNet Smart Growth Incentive Program	1,169,376	(1,169,376)	-
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	648,000	(648,000)	-
		Total Smart Growth	1,817,376	(1,817,376)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2025
Local Street Improvements:					
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	\$ 128,700	\$ (128,700)	\$ -
CHV39	3311002	Traffic Signal System Optimization	186,000	(186,000)	-
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	137,500	(137,500)	-
EL06	3311002	Traffic Signals Project	116,400	(116,400)	-
ENC28	3311002	Traffic Signal Modifications	88,800	(88,800)	-
LAM46	3311002	Regional Arterial Management System (RAMS) - (CR)	74,000	(74,000)	-
NC04	3311002	Traffic Signal Install/Upgrade	96,000	(96,000)	-
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	123,200	(123,200)	-
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	80,300	(80,300)	-
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	743,600	(743,600)	-
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	118,800	(118,800)	-
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	81,400	(81,400)	-
VISTA56	3311002	Traffic Congestion Management Program - CIP 8294	61,600	(61,600)	-
Total Local Street Improvements			<u>2,036,300</u>	<u>(2,036,300)</u>	<u>-</u>
Regional Environmental Mitigation Program (EMP) - Pass-Through:					
CAL29B	1207606	Caltrans SR 76 East EMP	8,133,000	(8,133,000)	-
V07	12002xx	Caltrans EMP	196,664,546	(196,664,546)	-
V08	1200300	Regional Habitat Conservation Fund	49,142	(49,142)	-
V08	1200312	Program Developer/Administrator	154,088	(154,088)	-
V08	1200313	Invasive Plant Species Management	189,093	(189,093)	-
V08	1200316	Management Coordinator	77,993	(77,993)	-
V08	1200329	GIS Support	131,322	(131,322)	-
V08	1200331	Wildlife Corridor and Linkages Monitoring	522,097	(522,097)	-
V08	1200332	Rare and Endemic Plant Monitoring and Recovery	231,524	(231,524)	-
V08	1200350	Administrative and Science Support	200,275	(200,275)	-
V08	1200355	Invasive Animal Species Management	571,024	(571,024)	-
V08	1200357	Database Support	105,771	(105,771)	-
Subtotal V08			<u>2,232,329</u>	<u>(2,232,329)</u>	<u>-</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2025
		Balance carried forward - Subtotal V08	\$ 2,232,329	\$ (2,232,329)	\$ -
V08	1200374	Biologist	154,106	(154,106)	-
V08	1200376	Vertebrate Monitoring	1,149,304	(1,149,304)	-
V08	1200377	Invertebrate Monitoring	24,392	(24,392)	-
V08	1201342	West Otay Mesa Stinknet Removal	79,303	(79,303)	-
V08	1201343	Otay Mesa Vernal Pool Retoration	77,651	(77,651)	-
V08	1201344	Otay Ranch Preserve Inhancement	78,138	(78,138)	-
V08	1201346	Famosa Slough Stormwater Treatment	52,881	(52,881)	-
V08	1201348	San Miguel HMA Perimeter	71,040	(71,040)	-
V08	1201351	San Diego Thornmint Enhancement	62,512	(62,512)	-
V08	1201353	Dennerly Canyon Restoration	136,349	(136,349)	-
V08	1201355	Ramona Bullfrog Eradication	82,464	(82,464)	-
V08	1201356	Mission Trails Thornmint Restoration	71,835	(71,835)	-
V08	1201357	Rare Dune Plant Restoration	87,469	(87,469)	-
V08	1201358	SPBDR Stinknet Removal II	119,266	(119,266)	-
V08	1201359	West Bernardo Mountain HMA	44,792	(44,792)	-
V08	1201360	Ocean Beach Estuary Enhancement	132,595	(132,595)	-
		Total V08	4,656,425	(4,656,425)	-
		Total Regional EMP - Pass-Through	209,453,971	(209,453,971)	-
		Environmental Mitigation Program (EMP):			
V07	12002xx	Biological Mitigation	192,515,428	(192,515,428)	-
	12003xx/				
V08	12001xx	Regional Habitat Conservation Fund	48,013,604	(48,013,604)	-
		Total EMP	240,529,032	(240,529,032)	-
		BRT/Rail Operations			
SAN80	1130100	Financial ERP System	5,709,309	(5,709,309)	-
SAN80	2300000	Transportation Analysis Model	4,923,204	(4,923,204)	-
SAN80	3100400	Regional Plan Implementation	465,138	(465,138)	-
SAN80	3103000	Regional Plan Dev (2025)	1,515,425	(1,515,425)	-
SAN80	3310703	TDM - Program & Svs Delivery	63,954	(63,954)	-
SAN80	3310704	TDM - Reg'l Vanpool Program	-	-	-
SAN80	3310714	Mobility & Innovations Program	2,041,652	(2,041,652)	-
SAN80	3322600	Digital Equity Action Plan Implementation	323,305	(323,305)	-
SAN80	3322901	Central Mobility H&C	11,344	(11,344)	-
SAN80	8000103	Office of the Independent Performance Auditor	807,101	(807,101)	-
SAN80	8000180	Information Services	715,841	(715,841)	-
		Total BRT/Rail Operations	16,576,273	(16,576,273)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2025
Major Corridor - Pass-Through:					
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	\$ 46,230,165	\$ (46,230,165)	\$ -
CAL09	1200509	I-5 San Elijo Bridge Replace	42,771,952	(42,771,952)	-
CAL09	1200510	I-5 HOV Carlsbad	2,897,076	(2,897,076)	-
Total CAL09			91,899,193	(91,899,193)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	27,347,389	(27,347,389)	-
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	263,508	(263,508)	-
CAL26	1205203	State Route 52 Freeway (E&F)	58,950,735	(58,950,735)	-
CAL29B	1207606	SR 76 East	46,437,190	(46,437,190)	-
CAL67	1280518	SR94 TP Lanes I-805 to I-5	116,257	(116,257)	-
CAL68	1212501	SR 94/125 Southbound to Eastbound Connector	1,027,208	(1,027,208)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	14,417,882	(14,417,882)	-
CAL78B	1280511	I-805 North: 2HOV	4,432,913	(4,432,913)	-
CAL78C	1280510	I-805 South: 2 HOV and DAR	104,000,065	(104,000,065)	-
CAL78D	1280515	I-805 South Soundwalls - Unit 1	9,706,999	(9,706,999)	-
CAL114	1200513	SR56 Auxiliary Lane	1,330,117	(1,330,117)	-
CAL277	1207802	I-15/SR78 HOV Connector	1,263,000	(1,263,000)	-
CAL277A	1207803	SR78/I-5 HOV Connector	5,053,962	(5,053,962)	-
CAL536	1205204	SR-52 Operational Improvements	9,690	(9,690)	-
CAL538	1206701	SR67 Improvements	12,000	(12,000)	-
CAL547	1280520	I-805/SR94/15 Transit Connector	77,000	(77,000)	-
CAL550	1605201	CMCP-Coast Canyon Trails SR52	231,374	(231,374)	-
CAL571	1280519	I-805 Transit Priority Lanes (SR94 to SR52)	2,261,000	(2,261,000)	-
CAL614	1280516	I-805 North Construct Operational Improvements	674,000	(674,000)	-
CAL633	1280521	I-805 S: HOV to Exp (Pal-94)	623,985	(623,985)	-
SAN23	1257001	Mid-Coast LRT Corridor Project	488,983	(488,983)	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	11,674,073	(11,674,073)	-
SAN47	1280504	South Bay BRT	2,929,727	(2,929,727)	-
SAN73	1239806	San Elijo Lagoon Double Track	7,786,582	(7,786,582)	-
SAN183	1239816	Batiquitos Lagoon Double Track	1,246,881	(1,246,881)	-
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	128,058	(128,058)	-
SAN253	1600504	CMH Military Inst. Resilience	38,099	(38,099)	-
SAN260	1239820	COASTER Train Sets	23,711,390	(23,711,390)	-
SAN262	1210090	Low-Floor Light Rail Transit Vehicles	17,548,534	(17,548,534)	-
V11	1201101	State Route 11	2,097,235	(2,097,235)	-
V15	1200508	I-5 Gilman Drive Bridge	130,921	(130,921)	-
V18/CAL369	1200507	I-5/Voigt Drive Direct Access Ramp	686,952	(686,952)	-
	1200100	TransNet Project Office	364,156	(364,156)	-
Total Major Corridor - Pass-Through			438,967,058	(438,967,058)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2025
Major Corridor:					
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	\$ 19,942,849	\$ (19,942,849)	\$ -
CAL09	1200509	I-5 San Elijo Bridge Replace	14,175,800	(14,175,800)	-
CAL09	1200510	I-5 HOV Carlsbad	3,462,137	(3,462,137)	-
		Total CAL09	37,580,786	(37,580,786)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	4,917,201	(4,917,201)	-
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	616,468	(616,468)	-
CAL18B	1201520	I-15 Exp Lanes Forester Creek	401	(401)	-
CAL26	1205203	State Route 52 Freeway (E&F)	16,930,278	(16,930,278)	-
CAL29B	1207606	SR 76 East	3,640,871	(3,640,871)	-
CAL67	1280518	SR94 TP Lanes I-805 to I-5	682,312	(682,312)	-
CAL68	1212501	SR-94-125 Widening	1,842,201	(1,842,201)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	5,576,759	(5,576,759)	-
CAL78B	1280511	I-805 North: 2 HOV	2,613,916	(2,613,916)	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	9,161,388	(9,161,388)	-
CAL78D	1280515	I-805 S Soundwalls	1,336,453	(1,336,453)	-
CAL114	1200513	SR56 Auxiliary Lane	53,332	(53,332)	-
CAL277	1207802	I-15/SR78 HOV Connectors	263,859	(263,859)	-
CAL277A	1207803	SR78/I-5 HOV Connector	59,722	(59,722)	-
CAL278	1207804	SR78 HOV Lanes: I-5 to I-15	77,703	(77,703)	-
CAL398A	1200512	I-5/Genessee Auxiliary Lane	125,407	(125,407)	-
CAL399	1200508	I-5/Gilman Drive Bridge	155,804	(155,804)	-
CAL536	1205204	SR-52 Operational Improvements	283,822	(283,822)	-
CAL538	1206701	SR67 Improvements	412,232	(412,232)	-
CAL550	1605201	CMCP - Sea to Santee (SR52)	101,822	(101,822)	-
CAL551	1609401	CMCP-High Speed Transit/SR-94	10,956	(10,956)	-
CAL571	1280519	I-805 Transit Priority Lanes (SR94-SR52)	79,057	(79,057)	-
CAL614	1280516	I-805 North Construct Operational Improvement	126,544	(126,544)	-
SAN23	1257001	Mid-Coast Corridor Transit Project	915,462,565	(915,462,565)	-
SAN26B	1201509	Downtown BRT Stations	20,772,761	(20,772,761)	-
SAN26C	1201507	I-15 BRT Transit Stations - South	26,445,795	(26,445,795)	-
		Subtotal Major Corridor	1,049,330,415	(1,049,330,415)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2025</u>
		Balance carried forward - Major Corridor	\$ 1,049,330,415	\$ (1,049,330,415)	\$ -
SAN29	1239812	Sorrento to Miramar Phase 2	8,630,578	(8,630,578)	-
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	8,373,444	(8,373,444)	-
SAN36	1129200	OCS Insulator/Catch Cable Replacement	589,772	(589,772)	-
SAN40	1130100	Financial ERP System	1,290,121	(1,290,121)	-
SAN46	1041502	SuperLoop	33,108,916	(33,108,916)	-
SAN47	1280504	Otay BRT	101,919,682	(101,919,682)	-
SAN54	1144800	Regional Arterial Detection P1	327,634	(327,634)	-
SAN54	1147700	Next Operating System (Next OS)	240,228	(240,228)	-
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	1,731,068	(1,731,068)	-
SAN54	3311000	ITS Operations	15,960,450	(15,960,450)	-
SAN54	3330700	TSM-Integrated Corridor Management Program	3,364,389	(3,364,389)	-
		Total SAN54	21,623,769	(21,623,769)	-
SAN64	1239809	Eastbrook to Shell Double Track	4,653,468	(4,653,468)	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	15,583,437	(15,583,437)	-
SAN78	1240001	Mid-City Rapid Bus	21,348,410	(21,348,410)	-
SAN117	1239805	Poinsettia Run Through Track	17,099,469	(17,099,469)	-
SAN119	1239807	Sorrento Valley Double Track	3,670,926	(3,670,926)	-
SAN129	1201514	Downtown Layover Facility	21,982,197	(21,982,197)	-
SAN130	1239810	Carlsbad Village Double Track	126	(126)	-
SAN132	1239811	Elvira to Morena Double Track	38,150,376	(38,150,376)	-
SAN149	1239814	Coaster PE	1,925,522	(1,925,522)	-
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	4,744,601	(4,744,601)	-
SAN182	1239815	San Diego River Bridge	12,642,970	(12,642,970)	-
SAN183	1239816	Batiquitos Lagoon Double Track	12,781,578	(12,781,578)	-
SAN224	1280513	I-805/SR 94 Bus on Shoulder Demonstration Project	15,073,978	(15,073,978)	-
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	2,426,271	(2,426,271)	-
SAN253	1600504	CMCP - CMH & Connections	895,597	(895,597)	-
SAN254	1600801	CMCP-High Speed Transit/I-8	187,285	(187,285)	-
		Subtotal Major Corridor	1,398,032,908	(1,398,032,908)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2025
		Balance carried forward - Major Corridor	\$ 1,398,032,908	\$ (1,398,032,908)	\$ -
SAN256	1612501	CMCP-High Speed Transit/SR125	32,700	(32,700)	-
SAN258	1149000	Central Mobility Station	2,035,000	(2,035,000)	-
SAN259	1239821	LOSSAN Corridor Improvements	955,328	(955,328)	-
SAN260	1239820	COASTER Train Sets	1,288,975	(1,288,975)	-
SAN261	1210091	Palomar Street Rail Grade Separation	70,000	(70,000)	-
SAN262	1210090	Low-Floor Light Rail Transit Vehicles	12,179	(12,179)	-
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	4,778,019	(4,778,019)	-
SAN269	1600101	CMCP - Region Wide Plan	828,241	(828,241)	-
SAN281	1210021	Blue Line Railway Signal Improvements	468,185	(468,185)	-
SAN289	1239823	San Dieguito to Sorrento Valley Double-Track	599,322	(599,322)	-
SAN318	1239825	Wall 805 Stabilization	300,006	(300,006)	-
V11	1201101	State Route 11	10,419,136	(10,419,136)	-
V11	1201105	SR11/OME POE Traffic Rev Study	549,817	(549,817)	-
V11	1201106	SR11/OME POE: Utility Improvements	365,796	(365,796)	-
		Total V11	11,334,749	(11,334,749)	-
V15	1200508	I-5/Gilman Drive Bridge	14,713,274	(14,713,274)	-
V18/CAL369	1200507	I-5/Voigt Drive Improvements	22,128,010	(22,128,010)	-
		Total Major Corridor	1,457,576,896	(1,457,576,896)	-
		Subtotal Cumulative <i>TransNet</i> Extension	2,626,110,250	(2,625,943,987)	166,263

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2025

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2025
		Balance Carried Forward - Subtotal <i>TransNet</i> Extension	\$ 2,626,110,250	\$ (2,625,943,987)	\$ 166,263
		Completed Projects			
		Bike, Pedestrians & Neighborhood Safety (BPNS):	30,143,292	(30,143,292)	-
		Senior Services	10,161,375	(10,161,375)	-
		Smart Growth	47,708,923	(47,708,923)	-
		Transit Systems Improvement	11,000,000	(11,000,000)	-
		Local Street Improvements	3,271,619	(3,271,619)	-
		Regional Environmental Mitigation Program	22,230,899	(22,230,899)	-
		BRT/Rail Operations	14,044,651	(14,044,651)	-
		Major Corridor	<u>803,108,327</u>	<u>(803,108,327)</u>	<u>-</u>
		Total Completed Projects	<u>941,669,086</u>	<u>(941,669,086)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 3,567,779,336</u>	<u>\$ (3,567,613,073)</u>	<u>\$ 166,263</u>