

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Year Ended June 30, 2019

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Year Ended June 30, 2019

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TransNet and TransNet Extension Activities

Summary of Results

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TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2019

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TransNet and TransNet Extension Activities

Summary of Results

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Background

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

Scope of the Engagement

This engagement was to apply agreed-upon procedures in order to assist the Independent Taxpayer Oversight Committee (ITOC) and SANDAG in determining whether the recipients of *TransNet* funds were in compliance with the *TransNet* Ordinance and the *TransNet* Extension Ordinance for the year ended June 30, 2019. We performed the procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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

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

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

The procedures performed were approved by the ITOC prior to commencing fieldwork. The sufficiency of those procedures is solely the responsibility of the ITOC. The specific procedures performed and the results of those procedures are included in each of the draft reports for the

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recipient agencies. Following approval of the procedures, we scheduled and performed our fieldwork during the months of September 2019 through December 2019.

Results of Procedures

***TransNet* and *TransNet* Extension Expenditures**

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

During our fieldwork, we obtained the following items:

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

The objectives of the procedures were to ensure the following:

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

Based upon the results of the procedures performed, all recipient agencies were in compliance with the revenue and expenditure requirements. In addition, the Cities of Lemon Grove and Oceanside are in the process of obtaining proper approvals for inter-project transfers during the draft report period. The Cities anticipate obtaining all approvals and be in compliance prior to issuing the final reports.

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TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2019

Maintenance of Effort (MOE)

In accordance with Section 8 of the *TransNet* Extension Ordinance, each recipient agency receiving revenues pursuant to Section 4(D) shall annually maintain, at a minimum, the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years (FY) completed prior to the operative date of the *TransNet* Extension Ordinance (FY 2001 through FY 2003), as was reported in the State Controller's Annual Report of Financial Transactions for Street and Roads, and as re-indexed in FY 2015.

During our fieldwork, we obtained the following items:

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

Based upon the results of the procedures performed, all recipient agencies were in compliance with the MOE requirements for the year ended June 30, 2019. See Attachment A for a summary of compliance with the MOE requirements.

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

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

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

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

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

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

Local Street Improvements – Congestion Relief vs. Maintenance

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

- Inquired and obtained source data used to calculate the Local Street Improvements Allocation Schedule in SANDAG's TTrak program (SANDAG's *TransNet* tracking program) and recalculated the total fund distribution per jurisdiction; and
- Reviewed the FY 2019 *TransNet* Streets and Road Fund Allocation Schedule and determined that at least 70% of the revenues provided for local street and road purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

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

Local Street Improvements: Maintenance Monitoring

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

Indirect Costs Allocated to Projects in RTIP

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

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TransNet and *TransNet* Extension Activities

Summary of Results

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Regional Transportation Congestion Improvement Program (RTCIP)

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

The objectives of the procedures were to ensure the following:

- Each recipient agency collected at least the minimum exaction fee of \$2,483 from each newly constructed residential housing unit;
- Documentation was submitted to the ITOC on a timely basis and proper approval was obtained for the exaction fee; and
- Expenditures were allowable in accordance with the *TransNet* Extension Ordinance and Expenditure Plan.

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

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

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

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Transit Operator Eligibility for Receipt of Funds

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

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

- Calculated the increase in operating cost per revenue vehicle hour for bus services and revenue vehicle mile for rail services between June 30, 2018 and June 30, 2019;
- Calculated the increase in the CPI for San Diego County between June 30, 2018 and June 30, 2019; and
- Compared the increase in total operating cost per revenue vehicle hour for bus services, and revenue vehicle mile for rail services, to the increase in the CPI.

The North County Transit District (NCTD) was not in compliance with the rail operator portion of the eligibility requirements. After NCTD requested the exclusion of costs, the rail operator eligibility was in compliance.

Summary of Findings by Recipient Agency

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

<u>Recipient Agency</u>	<u>Finding</u>	<u>Management Response</u>
City of Coronado	Need to use approved exaction fee	In process of collecting
City of Lemon Grove	Need to use approved exaction fee	In process of collecting
City of National City	Need to use approved exaction fee	In process of collecting

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

Compliance With Maintenance of Effort Requirement

Recipient Agency	Fiscal Year 2019				
	In Compliance	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	Deficit Amount
Carlsbad	Yes	\$6,023,551	–	–	–
Chula Vista	Yes	3,509,614	–	–	–
Coronado	Yes	863,498	–	–	–
Del Mar	Yes	453,089	20,877	–	–
El Cajon	Yes	1,712,753	–	–	–
Encinitas	Yes	1,932,140	53	–	–
Escondido	Yes	2,889,819	–	–	–
Imperial Beach	Yes	220,018	–	–	–
La Mesa	Yes	1,774,888	–	–	–
Lemon Grove	Yes	181,274	–	–	–
National City	Yes	1,970,841	–	–	–
Oceanside	Yes	2,786,239	–	–	–
Poway	Yes	1,088,158	–	–	–
San Diego	Yes	22,679,581	167,817	903,424	–
San Marcos	Yes	4,489,387	–	–	–
Santee	Yes	567,501	–	–	–
Solana Beach	Yes	457,765	–	–	–
Vista	Yes	2,413,718	–	–	–
County of San Diego (1)	–	–	–	–	–

Yes = In Compliance

No = Not in compliance

– = Not applicable

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

Compliance With 30 Percent Fund Balance Limitation FY 2017 – FY 2019

Recipient Agency	Fiscal Year 2019				Fiscal Year 2018				Fiscal Year 2017		
	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	Excess Amount
Streets and Roads											
Carlsbad	Yes	\$929,023	\$421,824	–	Yes	\$937,479	(\$283,939)	–	Yes	\$841,909	–
Chula Vista	Yes	1,822,896	(1,920,175)	–	Yes	1,812,757	436,127	–	Yes	1,744,293	–
Coronado	Yes	189,695	176,288	–	No	184,344	269,540	85,196	Yes	174,048	–
Del Mar	Yes	2,845	(1,460)	–	Yes	592	(1,460)	–	Yes	1,254	–
El Cajon	Yes	721,601	(1,701,579)	–	Yes	721,877	(188,290)	–	Yes	710,013	–
Encinitas	Yes	511,028	(901,077)	–	Yes	512,643	(174,123)	–	Yes	484,624	–
Escondido	Yes	1,113,951	218,528	–	Yes	1,072,133	(380,740)	–	Yes	1,044,054	–
Imperial Beach	No	209,863	268,974	59,211	Yes	217,951	185,017	–	Yes	204,777	–
La Mesa	Yes	464,269	(685,610)	–	Yes	470,691	(816,963)	–	Yes	341,921	–
Lemon Grove	Yes	213,858	(486,895)	–	Yes	214,923	(1,225,003)	–	Yes	210,877	–
National City	Yes	321,206	304,103	–	Yes	307,387	8,410	–	Yes	298,272	–
Oceanside	Yes	1,176,747	(4,279,916)	–	Yes	1,368,183	(6,757,986)	–	Yes	1,348,902	–
Poway	No	444,262	769,382	325,120	Yes	451,912	181,648	–	Yes	442,600	–
San Diego, City	Yes	10,016,371	641,244	–	Yes	9,742,010	145,045	–	Yes	9,523,915	–
San Marcos	Yes	478,969	(478,192)	–	Yes	474,536	(131,995)	–	Yes	458,310	–
Santee	Yes	146,856	(850)	–	Yes	150,487	(86,005)	–	Yes	141,034	–
Solana Beach	Yes	63,137	(88,258)	–	Yes	66,717	(102,076)	–	Yes	63,316	–
Vista	Yes	720,276	(114,016)	–	Yes	688,109	438,372	–	Yes	668,767	–
County of San Diego	Yes	4,729,350	1,694,096	–	Yes	4,186,676	3,879,380	–	Yes	4,008,581	–
Transit											
Metropolitan Transit System (MTS)	Yes	9,669,606	–	–	Yes	9,387,901	–	–	Yes	9,345,784	–
North County Transit District (NCTD)	Yes	3,886,042	270,813	–	Yes	3,769,526	–	–	Yes	3,750,308	–

Yes = In Compliance

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

Compliance with Allocation of Local Street Improvements Revenues

Recipient Agency	Fiscal Year 2019		
	Allocation of Sales Tax Revenues Received	70% Congestion Relief Allocated	30% Maintenance Allocated
Carlsbad	\$3,096,742	\$2,167,719	\$929,023
Chula Vista	6,076,321	4,253,425	1,822,896
Coronado	632,317	442,622	189,695
Del Mar	205,503	143,852	61,651
El Cajon	2,405,338	1,683,737	721,601
Encinitas	1,703,428	1,192,400	511,028
Escondido	3,713,169	2,599,218	1,113,951
Imperial Beach	699,542	489,679	209,863
La Mesa	1,547,563	1,083,294	464,269
Lemon Grove	712,859	499,001	213,858
National City	1,449,679	1,014,775	434,904
Oceanside	4,424,684	3,097,279	1,327,405
Poway	1,480,875	1,036,613	444,262
San Diego, City	33,387,903	23,371,532	10,016,371
San Marcos	2,262,915	1,584,041	678,874
Santee	1,444,084	1,010,859	433,225
Solana Beach	426,945	298,861	128,084
Vista	2,400,920	1,680,644	720,276
County of San Diego	16,747,187	11,723,031	5,024,156

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	\$38,631,892	\$11,589,568	\$ (575,155)	\$11,014,413	1.49%	Yes
Chula Vista	63,843,173	19,152,952	(14,099,644)	5,053,308	22.08%	Yes
Coronado	6,813,939	2,044,182	(283,272)	1,760,910	4.16%	Yes
Del Mar	6,475,690	1,942,707	(394,270)	1,548,437	6.09%	Yes
El Cajon	26,051,596	7,815,479	(4,846,103)	2,969,376	18.60%	Yes
Encinitas	20,350,884	6,105,265	(1,117,046)	4,988,219	5.49%	Yes
Escondido	43,372,981	13,011,894	(10,619,298)	2,392,596	24.48%	Yes
Imperial Beach	8,157,405	2,447,222	(2,234,527)	212,695	27.39%	Yes
La Mesa	23,307,394	6,992,218	(4,056,375)	2,935,843	17.40%	Yes
Lemon Grove	7,661,280	2,298,384	(2,171,494)	126,890	28.34%	Yes
National City	18,629,526	5,588,858	(0)	5,588,858	0.00%	Yes
Oceanside	57,996,330	17,398,899	(14,664,792)	2,734,107	25.29%	Yes
Poway	16,188,372	4,856,512	(4,750,585)	105,927	29.35%	Yes
San Diego, City	343,180,728	102,954,218	(99,709,303)	3,244,915	29.05%	Yes
San Marcos	38,453,189	11,535,957	(3,723,704)	7,812,253	9.68%	Yes
Santee	29,458,856	8,837,657	(3,139,041)	5,698,616	10.66%	Yes
Solana Beach	10,451,294	3,135,388	(289,587)	2,845,801	2.77%	Yes
Vista	26,733,486	8,020,046	(4,894,162)	3,125,884	18.31%	Yes
San Diego, County	173,933,240	52,179,972	(10,254,585)	41,925,387	5.90%	Yes

Indirect Costs Allocated to RTIP

Recipient Agency	2019 Total <i>TransNet</i> Expenditures	2019 Indirect Costs Charged to <i>TransNet</i>	2019 Indirect Costs as a % of Total <i>TransNet</i> Expenditures	Last Allocation Plan Approval	2018 Indirect Costs as a % of Total <i>TransNet</i> Expenditures
Carlsbad	\$1,501,458	\$84,680	5.64%	n/a	3.69%
Chula Vista	5,679,132	736,165	12.96%	n/a	10.66%
Coronado	143,659	0	0.00%	n/a	18.32%
Del Mar	196,019	0	0.00%	n/a	0.00%
El Cajon	2,467,347	17,416	0.71%	n/a	1.42%
Encinitas	1,515,958	0	0.00%	n/a	0.00%
Escondido	5,298,941	174,058	3.28%	2018 ¹	2.99%
Imperial Beach	1,030,835	0	0.00%	n/a	0.00%
La Mesa	4,670,150	0	0.00%	n/a	0.00%
Lemon Grove	643,474	78,186	12.15%	2019 ¹	6.21%
National City	1,441,718	0	0.00%	n/a	0.00%
Oceanside	8,066,440	833,483	10.33%	n/a	11.47%
Poway	902,196	0	0.00%	n/a	0.00%
San Diego, City	40,873,762	2,950,199	7.22%	n/a	9.06%
San Marcos	356,997	0	0.00%	n/a	0.00%
Santee	1,115,637	3,645	0.33%	n/a	0.66%
Solana Beach	422,069	0	0.00%	n/a	0.00%
Vista	1,755,561	0	0.00%	n/a	0.00%
Caltrans	32,708,403	3,090,191	9.45%	2018 ²	10.58%
San Diego, County	7,467,076	931,170	12.47%	n/a	10.31%
SANDAG	248,223,649	3,531,959	1.42%	2018 ²	0.57%

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

¹ – approved by City Council

² – approved by federal cognizant agency

CALTRANS

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

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the State of California Department of Transportation (Caltrans) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Caltrans' management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

2. We obtained from SANDAG 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: Per discussion with Caltrans Management, *TransNet* revenues and expenditures are not recorded in a separate fund, but are part of the State Transportation Fund set of accounts of Caltrans. Within the Caltrans State Transportation Fund set of accounts, separate subaccounts are maintained for *TransNet* by expenditure authorization and contributor number. This alternative approach to maintaining separate accountability is allowable per SANDAG Board Policy No. 031, Rule #6 if submitted to SANDAG for concurrence. SANDAG has accepted Caltrans' alternative approach.

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

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

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

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

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

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

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

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

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

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

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

<i>TransNet</i> payments made by SANDAG	\$46,294,486
<i>TransNet</i> revenue recorded by Caltrans	<u>49,988,000</u>
Variance	<u>\$(3,693,514)</u>

The variance was a result of the following:

Paid by SANDAG in 2018, but received by Caltrans in 2019	\$(23,997,000)
Paid by SANDAG in 2019, but received by Caltrans in 2020	<u>20,303,486</u>
Variance	<u>\$(3,693,514)</u>

- e. We identified the interest income reported for the fiscal year.
- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.
- Results: This procedure is not applicable as there was no interest income reported on Schedule A.
- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.
- Results: In accordance with the Governor's budget, Caltrans has no authority to disburse funds deposited in the State Highway Account, as that money is defined for a special purpose through the legislative process. An absence of such authority means that Caltrans cannot disburse funds and the Department of Finance has no authority to pay interest on advance deposits. SANDAG has accepted this practice in the past, thus no exceptions were noted as a result of our procedures.
- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.
- Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
- Results: Caltrans recorded total *TransNet* expenditures in the amount of \$32,708,403. We selected \$12,865,530 (39.33%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

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

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

Results: Indirect costs are allocated to RTIP projects at a rate of 44.06% of direct labor costs associated with each project with Caltrans being considered a self help county. The indirect cost rate plan is reviewed and updated by Caltrans on an annual basis. Caltrans' indirect cost rate plan has been reviewed by the State of California Department of Finance and the Federal Highway Administration. Caltrans allocated a total of \$3,090,191 of indirect costs in the RTIP, resulting in 9.45% of indirect costs compared to total *TransNet* expenditures. Caltrans' methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: This procedure is not applicable as there were no completed project balances requiring movement to a *TransNet*-eligible project.

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

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

- i. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

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

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

Results: MPO ID CAL26 and CAL31 had no activity over the past two years. Schedule A includes a footnote on the status of the project. No exceptions were noted as a result of our procedures.

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

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

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

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

- m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as Caltrans had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30, 2019 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

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

Results: No exceptions were noted as a result of our procedures.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.
8. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there were no commercial paper or bonds outstanding as of June 30, 2019.
9. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.
10. We proposed current fiscal year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the findings.

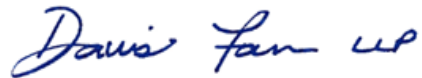
Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the fiscal year ended June 30, 2019.

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

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

the expression of an opinion or conclusion, respectively, on the Agency's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in blue ink that reads "Davis Lane" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

“Current Fiscal Year” means the fiscal period of July 1, 2018, through June 30, 2019.

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

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

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

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

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

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

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

“TransNet Extension Ordinance” means the 2004 Proposition A.

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

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID/ Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2019	Notes
TransNet:								
Highways:								
CAL26	Route 52	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	(a)
CAL31	Route 54/125	565,678	-	-	-	-	565,678	(a)
CAL31	SR-125 8 Lane Freeway	1,861,167	-	-	-	-	1,861,167	(a)
	Total CAL 31 Projects	2,426,845	-	-	-	-	2,426,845	
	Total Highways	2,440,709	-	-	-	-	2,440,709	
	Total <i>TransNet</i>	\$ 2,440,709	\$ -	\$ -	\$ -	\$ -	\$ 2,440,709	
TransNet Extension:								
Major Corridor:								
CAL09	I-5 North Coast	\$ (2,244,274)	\$ (12,062,000)	\$ -	\$ 18,391,452	1	\$ 4,085,179	(b), (d)
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	(100,753)	102,077	-	(1,324)	-	-	
CAL09 C	I-805 HOV / Carroll Canyon DAR	(28,770)	526,586	-	(525,964)	-	(28,148)	(c)
CAL18 A	I-15 Managed Lanes - North Segment	(65,509)	65,509	-	-	-	-	
CAL18 B	I-15 Managed Lanes - South Segment	(29,427)	29,427	-	-	-	-	
CAL26	SR 52 Freeway E&F	-	(352)	-	352	-	-	(b)
CAL29	SR 76 Middle	333,572	105,000	-	(335,679)	1	102,894	(d)
	Subtotal Major Corridor	(2,135,161)	(11,233,753)	-	17,528,837	2	4,159,925	

SCHEDULE A

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID/ Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2019	Notes
	Major Corridor balance carried forward	\$ (2,135,161)	\$ (11,233,753)	\$ -	\$ 17,528,837	\$ 2	\$ 4,159,925	
CAL29 B	SR 76 East	(795,923)	946,353	-	1,104,487	(1)	1,254,916	(b), (d)
CAL38	SR-905 New Freeway	299,933	(299,933)	-	-	-	-	
CAL67	SR-94 HOV Lanes (I-805 to Downtown)	2,550	(2,550)	-	-	-	-	
CAL75	I-5 Genesee	(168,292)	1,081,000	-	(2,268,335)	1	(1,355,626)	(c), (d)
CAL78 B	I-805 North	(623,657)	1,790,000	-	(1,050,281)	-	116,062	
CAL78 C	I-805 South	(250,200)	1,483,953	-	(2,252,086)	(1)	(1,018,334)	(c), (d)
CAL78 D	I-805 South Soundwalls	(87,403)	1,153,000	-	(930,789)	-	134,808	
CAL114	I-5/56 Interchange	3,281	2,000	-	(1,585)	-	3,696	
CAL120	Aux / Nordahl	1,133	(1,133)	-	-	-	-	
CAL278	SR-78 HOV / Managed Lanes	8,633	(8,000)	-	-	-	633	
SAN23	Mid-Coast LRT	(47,859)	106,000	-	(30,023)	-	28,118	
SAN26 C	I-15 BRT Stations - South	(381,951)	696,063	-	(265,310)	-	48,802	
SAN47	I-805 BRT	1,587	37,000	-	(33,120)	-	5,467	
SAN73	San Elijo Lagoon Double Track	1,018,537	519,000	-	(1,026,284)	-	511,253	
SAN73A	Chesterfield Dr Crossing	(599,471)	1,541,000	-	(1,668,210)	-	(726,681)	(c)
SAN224	I-805/SR-94 Bus on Shoulder Demonstratic	(1,360)	8,000	-	(2,155)	-	4,485	
V-11	SR-11	-	-	-	(48,178)	-	(48,178)	(c), (e)
V-15	I-5 Gilman Dr Bridge	(52,210)	68,000	-	(15,925)	-	(135)	(c)
V-18	I-5 Voigt	343	200,000	-	(86,707)	-	113,636	
1200100	Program Office	69,043	-	-	-	-	69,043	
	Total Major Corridor	(3,738,447)	(1,914,000)	-	8,954,336	1	3,301,890	

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID/ Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2019	Notes
Major Corridor Environmental: Mitigation Program (MC EMP):								
V07	Mitigation Program	<u>(17,120,498)</u>	<u>47,824,000</u>	<u>-</u>	<u>(38,072,033)</u>	<u>-</u>	<u>(7,368,531)</u>	(c)
	Total MC EMP	<u>(17,120,498)</u>	<u>47,824,000</u>	<u>-</u>	<u>(38,072,033)</u>	<u>-</u>	<u>(7,368,531)</u>	
TransNet Bike, Pedestrian & Neighborhood Safety (BPNS) Program:								
CAL330	SR-15 Bike Path	37,689	33,000	-	(71,834)	-	(1,145)	(c)
SAN156	Coastal Rail Trail: E St to Chesterfield	<u>(737,051)</u>	<u>4,045,000</u>	<u>-</u>	<u>(3,518,872)</u>	<u>-</u>	<u>(210,923)</u>	(c)
	Total <i>TransNet</i> BPNS Program	<u>(699,362)</u>	<u>4,078,000</u>	<u>-</u>	<u>(3,590,706)</u>	<u>-</u>	<u>(212,068)</u>	
	Total <i>TransNet</i> Extension	<u>\$ (21,558,307)</u>	<u>\$ 49,988,000</u>	<u>\$ -</u>	<u>\$ (32,708,403)</u>	<u>\$ 1</u>	<u>\$ (4,278,709)</u>	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ (19,117,598)</u>	<u>\$ 49,988,000</u>	<u>\$ -</u>	<u>\$ (32,708,403)</u>	<u>\$ 1</u>	<u>\$ (1,838,000)</u>	

Notes:

- (a) All projects related to CAL26 and CAL31 in the TransNet Highway section are in the final vouchering process and the goal is to close them during the FY 20.
- (b) A transfer was made to move expenditures from TransNet Major Corridor (MC) funds to other funds to balance the budget of each fund.
- (c) Negative ending balance will be removed with the next invoice to SANDAG in FY20.
- (d) Adjustments due to rounding.
- (e) New project added to the 2019 audit.

CALTRANS

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2019

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:					
Major Corridor:					
CAL09	I-5 North Coast	\$ 110,768,897	\$ -	(106,683,718)	\$ 4,085,179
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	18,907,871	-	(18,907,871)	-
CAL09 C	I-805 HOV / Carroll Canyon DAR	27,114,585	-	(27,142,733)	(28,148)
CAL18	I-15 Managed Lanes - Middle Segment	29,448,052	-	(29,448,052)	-
CAL18 A	I-15 Managed Lanes - North Segment	20,405,270	-	(20,405,270)	-
CAL18 B	I-15 Managed Lanes - South Segment	49,397,288	-	(49,397,288)	-
CAL26	SR 52 Freeway E&F	48,545,266	-	(48,545,266)	-
CAL29	SR 76 Middle	39,509,265	-	(39,406,371)	102,894
CAL29 B	SR 76 East	49,781,496	-	(48,526,580)	1,254,916
CAL38	SR-905 New Freeway	555,067	-	(555,067)	-
CAL67	SR-94 HOV Lanes (I-805 to Downtown)	8,219,450	-	(8,219,450)	-
CAL75	I-5 Genesee	10,183,000	-	(11,538,626)	(1,355,626)
CAL77	I-5/8 Connectors	1,455,038	-	(1,455,038)	-
CAL78 B	I-805 North	12,130,604	-	(12,014,542)	116,062
CAL78 C	I-805 South	126,536,214	-	(127,554,548)	(1,018,334)
CAL78 D	I-805 South Soundwalls	3,643,000	-	(3,508,192)	134,808
CAL114	I-5/56 Interchange	452,000	-	(448,304)	3,696
CAL120	Aux / Nordahl	10,344,342	-	(10,344,342)	-
CAL278	SR-78 HOV / Managed Lanes	1,663,000	-	(1,662,367)	633
SAN23	Mid-Coast LRT	326,000	-	(297,882)	28,118
SAN26 C	I-15 BRT Stations - South	12,018,160	-	(11,969,358)	48,802
SAN47	I-805 BRT	2,880,327	-	(2,874,860)	5,467
SAN73	San Elijo Lagoon Double Track	6,249,000	-	(5,737,747)	511,253
SAN73A	Chesterfield Dr Crossing	2,359,000	-	(3,085,681)	(726,681)
SAN224	I-805/SR-94 Bus on Shoulder Demonstratic	8,000	-	(3,515)	4,485
V-11	SR-11	-	-	(48,178)	(48,178)
V-15	I-5 Gilman Dr Bridge	84,999	-	(85,134)	(135)
V-18	I-5 Voigt	790,000	-	(676,364)	113,636
1200100	Program Office	291,000	-	(221,957)	69,043
Total Major Corridor		594,066,191	-	(590,764,301)	3,301,890

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:					
MC EMP					
V07	Mitigation Program	124,787,185	-	(132,155,716)	(7,368,531)
	Total MC EMP	124,787,185	-	(132,155,716)	(7,368,531)
TransNet BPNS Program:					
CAL330	SR-15 Bike Path	2,896,000	-	(2,897,145)	(1,145)
SAN156	Coastal Rail Trail: E St to Chesterfield	4,045,000	-	(4,255,923)	(210,923)
	Total <i>TransNet</i> BPNS Program	6,941,000	-	(7,153,068)	(212,068)
	Subtotal Cumulative <i>TransNet</i> Extension	725,794,376	-	(730,073,085)	(4,278,709)
Completed Projects:					
	Major Corridor	44,135,717	-	(44,135,717)	-
	Mitigation Program (MC EMP)	14,279,000	-	(14,279,000)	-
	<i>TransNet</i> Local Program	3,093,119	-	(3,093,119)	-
	Total Completed Projects	61,507,836	-	(61,507,836)	-
	Total Cumulative <i>TransNet</i> Extension	\$ 787,302,212	\$ -	\$ (791,580,921)	\$ (4,278,709)

CITY OF CARLSBAD, CALIFORNIA

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

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Carlsbad, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$1,501,458. We selected \$607,482 (40.46%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of total dollar expenditures in FY19.

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2019. 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 that started at 160% at the beginning of the year and was adjusted to 115% during the second half of the year. The City allocated a total of \$84,680 of indirect costs in the RTIP, resulting in 5.64% of indirect costs compared to total *TransNet* expenditures. The City calculates indirect costs using a cost allocation plan created by a consultant. The cost allocation plan was last updated in November 2018. The City's cost allocation plan has not been reviewed by a cognizant agency or audited by an independent CPA. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

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

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.
- Results: There is one project that has been inactive for the past two years. The City indicated that, "CB36 is an ongoing project. This project is the main/overarching Carlsbad Blvd Realignment project for various smaller projects we are working on along Carlsbad Blvd. CB36 will not be closed out until the smaller projects are completed, which won't happen for several years." The status of the project is included on Schedule A.
- k. We obtained approval from SANDAG staff for the reason of inactivity.
- Results: SANDAG approved the reason for the inactivity on February 4, 2019.
- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.
- Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.
- Results: No exceptions were noted as a result of our procedures.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.
- Results: No exceptions were noted as a result of our procedures.
- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.
- Results: No exceptions were noted as a result of our procedures.

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

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

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

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

Fiscal year 2019 apportionment	\$3,096,742
Less: debt service payment	<u> -</u>
Net estimated apportionment	3,096,742
30% base	<u> 30%</u>
Fiscal year 2019 30% threshold	<u> 929,023</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	262,356
Maintenance fund balance	<u> 159,468</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> 421,824</u>
Fund balance under apportionment	<u>\$ 507,199</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 262,356	\$ 7,884,153	\$ 8,146,509
Maintenance	<u> 159,468</u>	<u> 10,341,169</u>	<u> 10,500,637</u>
Totals	<u>\$ 421,824</u>	<u>\$18,225,322</u>	<u>\$18,647,146</u>

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

Results: The City has expended 1.49% 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	\$19,598,722	\$ 6,843,436	\$26,442,158
Maintenance	729,825	9,920,713	10,650,538
Interest	<u>78,023</u>	<u>1,461,173</u>	<u>1,539,196</u>
 Total local street and road revenue	 <u>\$20,406,570</u>	 <u>\$18,225,322</u>	 <u>\$38,631,892</u>
 30% of total local street and road revenue			 \$ 11,589,568
Less maintenance expenditures incurred to date			<u>(575,155)</u>
 Available maintenance funds			 <u>\$ 11,014,413</u>
 Cumulative percentage expended for maintenance			 <u>1.49%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;

- iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$9,967,840
Less MOE base year requirement	<u>(6,023,551)</u>
Excess MOE for the year ended June 30, 2019	<u>\$3,944,289</u>

- 13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
 - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
 - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.
 - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.
 - ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.
 - iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

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

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

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

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

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

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

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

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

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

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

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

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

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

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 11, 2019.

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

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

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

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

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

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

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

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

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

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

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

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

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CB44	N/A	Regional Arterial Management Systems	\$ -	\$ 11,700	\$ -	\$ (11,700)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	11,700	-	(11,700)	-	-	
Congestion Relief:									
CB17	60143	Carlsbad Blvd Bridge - Powerplant	46,681	-	803	-	-	47,484	(a)
CB17	60532	CB Blvd Railing East Side	9,384	-	161	-	-	9,545	(a)
CB20	60011	Pavement Management - Overlay	(530,970)	680,000	117	(142,287)	-	6,860	
CB32	60721	ECR Widening - Cassis to Cam Vid Robl	-	-	-	(3,150)	-	(3,150)	(b)
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	85,921	-	1,460	-	-	87,381	
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	145,400	-	2,406	(5,454)	-	142,352	
CB36	60311	Carlsbad Blvd Realignment	-	-	-	-	-	-	(c)
CB43	60491	ADA Improvements	(191,522)	360,000	1,250	(96,481)	-	73,247	
CB49	60751	Kelly and Park Dr. Street Improvements	(28,257)	265,000	919	(183,799)	-	53,863	
CB51	63261	Adaptive Traffic Signal Program	(35,813)	680,000	-	(844,156)	-	(199,969)	(b)
CB53	60681	Carlsbad Blvd. Pedestrian Roadway Lighting	-	65,000	764	(21,021)	-	44,743	
		Total Congestion Relief	(499,176)	2,050,000	7,880	(1,296,348)	-	262,356	
Maintenance:									
CB58	60622	Street Light Bulb Replacement Program	215,237	100,000	2,687	(158,456)	-	159,468	
		Total Maintenance	215,237	100,000	2,687	(158,456)	-	159,468	
		Total Local Street Improvements	(283,939)	2,161,700	10,567	(1,466,504)	-	421,824	

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
Major Corridor Environment Mitigation Program (EMP):									
N/A	N/A	Open Space Enforcement Cooperation	\$ (21,705)	\$ 21,705	\$ -	\$ -	\$ -	\$ -	
Total Major Corridor Environment Mitigation Program (EMP):			(21,705)	21,705	-	-	-	-	
Bikes and Pedestrian (BPNS):									
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	(15,942)	29,686	-	(22,287)	-	(8,543)	(b)
Total Bikes and Pedestrian (BPNS):			(15,942)	29,686	-	(22,287)	-	(8,543)	
Total <i>TransNet</i> Extension			(321,586)	2,213,091	10,567	(1,488,791)	-	413,281	
GASB 31 Fair Market Value Adjustment			(6,275)	-	9,421	-	(15,592)	(12,446)	(d)
Total <i>TransNet</i> Extension after GASB 31 Adjustment			(327,861)	2,213,091	19,988	(1,488,791)	(15,592)	400,835	
Non-TransNet :									
N/A	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	111,047	-	1,709	(12,667)	-	100,089	(e)
Total Non- <i>TransNet</i>			111,047	-	1,709	(12,667)	-	100,089	
Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>			\$ (216,814)	\$ 2,213,091	\$ 21,697	\$ (1,501,458)	\$ (15,592)	\$ 500,924	

Notes:

- (a) Project is marked as complete in ProjectTrak. Remaining funds will be used to payoff any additional costs that may arise during the year. If there are still funds remaining then the City will request a transfer of funds.
- (b) This project has a negative cash balance at June 30, 2019. Funds were drawn down to clear the negative balance in early FY20.
- (c) CB36 is an ongoing project. This project is the main / overarching Carlsbad Blvd Realignment project for various smaller projects we are working on along Carlsbad Blvd. CB36 will not be closed out until the smaller projects are completed, which won't happen for several years.
- (d) GASB 31 adjustment made to correct ending balance.
- (e) Project 60442 did have expenses during FY19 but they were applied to the Non-TransNet funds as these funds needed to be used first. The developer was required to pay for part of the improvement so this year we drew from the Non-TransNet fund first. Project 60442 is still ongoing and will have expenditures in FY20.

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CB44	N/A	Regional Arterial Management Systems	\$ 81,900	\$ -	\$ (81,900)	\$ -
		Total Congestion Relief-Pass Through	<u>81,900</u>	<u>-</u>	<u>(81,900)</u>	<u>-</u>
Congestion Relief:						
CB17	60143	Carlsbad Blvd Bridge-Powerplant	232,278	1,316	(186,110)	47,484
CB17	60532	CB Blvd Railing East Side	10,000	250	(705)	9,545
CB20	60011	Pavement Management - Overlay	9,071,709	10,763	(9,075,612)	6,860
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	-	-	(3,150)	(3,150)
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	85,000	2,381	-	87,381
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	195,000	3,830	(56,478)	142,352
CB36	60311	Carlsbad Blvd Realignment	3,000,000	14,529	(3,014,529)	-
CB43	60491	ADA Improvements	995,000	1,296	(923,049)	73,247
CB49	60751	Kelly and Park Dr. Street Improvements	575,000	984	(522,121)	53,863
CB51	63261	Adaptive Traffic Signal Program	1,385,000	42	(1,585,011)	(199,969)
CB53	60681	Carlsbad Blvd. Pedestrian Roadway Lighting	65,000	764	(21,021)	44,743
		Total Congestion Relief	<u>15,613,987</u>	<u>36,155</u>	<u>(15,387,786)</u>	<u>262,356</u>
Maintenance:						
CB58	60622	Street Light Bulb Replacement Program	445,000	4,781	(290,313)	159,468
		Total Maintenance	<u>445,000</u>	<u>4,781</u>	<u>(290,313)</u>	<u>159,468</u>
		Total Local Street Improvements	<u>\$ 16,140,887</u>	<u>\$ 40,936</u>	<u>\$ (15,759,999)</u>	<u>\$ 421,824</u>

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
Major Corridor Environment Mitigation Program (EMP):						
N/A	N/A	Open Space Enforcement Cooperation	\$ 98,280	\$ -	\$ (98,280)	\$ -
		Total Major Corridor Environment Mitigation Program (EMP):	<u>98,280</u>	<u>-</u>	<u>(98,280)</u>	<u>-</u>
Bikes and Pedestrian (BPNS):						
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	<u>76,874</u>	<u>-</u>	<u>(85,417)</u>	<u>(8,543)</u>
		Total Bikes and Pedestrian (BPNS):	<u>76,874</u>	<u>-</u>	<u>(85,417)</u>	<u>(8,543)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>16,316,041</u>	<u>40,936</u>	<u>(15,943,696)</u>	<u>413,281</u>
Completed Projects:						
		Congestion Relief	3,902,835	37,070	(3,939,905)	-
		Maintenance	284,825	17	(284,842)	-
		Bikes and Pedestrian	564,048	-	(564,048)	-
		Environmental Mitigation Grant	<u>286,667</u>	<u>-</u>	<u>(286,667)</u>	<u>-</u>
		Total Completed Projects	<u>5,038,375</u>	<u>37,087</u>	<u>(5,075,462)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 21,354,416</u>	<u>\$ 78,023</u>	<u>\$ (21,019,158)</u>	<u>\$ 413,281</u>

SCHEDULE C

CITY OF CARLSBAD, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2019

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2019	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2019	June 30, 2018	
For Fiscal Year ended June 30, 2012	June 30, 2019	CB04A	\$ 934,358	\$ 35,309	\$ (969,667)	\$ -	\$ -	\$ -		
For Fiscal Year ended June 30, 2013	June 30, 2020	CB04A	696,114	23,829	(719,943)	-	-	-		
For Fiscal Year ended June 30, 2014	June 30, 2021	CB04A	353,442	7,757	(361,199)	-	-	-		
For Fiscal Year ended June 30, 2015	June 30, 2022	CB04A	623,822	6,962	(630,784)	-	-	-		
For Fiscal Year ended June 30, 2016	June 30, 2023	CB04A	470,174	-	(470,174)	-	-	-		
For Fiscal Year ended June 30, 2017	June 30, 2024	CB04A	1,727,814	-	(1,727,814)	-	-	-		
For Fiscal Year ended June 30, 2018	June 30, 2025	CB04A	751,460	-	(943)	-	-	750,517	751,460	
For Fiscal Year ended June 30, 2019	June 30, 2026		715,030	-	-	-	-	715,030	-	
Interest Income			-	19,397	-	-	-	19,397	13,032	
Total RTCIP Funds			\$ 6,272,214	\$ 93,254	\$ (4,880,524)	\$ -	\$ -	\$ 1,484,944	\$ 764,492	

CITY OF CHULA VISTA, CALIFORNIA

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

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Chula Vista, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$5,679,132. We selected \$1,894,321 (33.36%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

Results: The City's payroll charges are calculated by charging the employee's annual salary divided by direct hours. This results in project billings covering 100% of all of the employee's time whether or not is project related. The City then calculates an indirect cost burden rate on top of the adjusted hourly rate for the employee as noted below. We recalculated the payroll charges in accordance to the City's methodology without exception.

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

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2019. The City allocates costs out of the various departments and into capital projects by using the Engineering time directly charged to a project and multiplying the hours worked by the City's fully burdened hourly rate. Total indirect costs included within projects on the RTIP were \$736,165, or 12.96% of total *TransNet* expenditures. The City's written indirect cost plan was last updated during the fiscal year ended June 30, 2019. The plan is not approved by City Council. The City's indirect cost plan has not been reviewed by a federal or state agency or audited by an independent CPA firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

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

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

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

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

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

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

Results: Auditors obtained two staff reports for transfer of funds. Resolution 2019-028 was signed on February 19, 2019 and Resolution 19-0335 was signed on March 03, 2020.

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

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

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

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

Fiscal year 2019 apportionment	\$ 6,076,321
Less: debt service payment	<u> -</u>
Net estimated apportionment	6,076,321
30% base	<u> 30%</u>
Fiscal year 2019 30% threshold	<u>1,822,896</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(2,054,718)
Maintenance fund balance	<u> 134,543</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,920,175)</u>
Fund balance under apportionment	<u>\$ 3,743,071</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(2,054,718)	\$6,721,022	\$4,666,304
Maintenance	<u> 134,543</u>	<u> 5,392,438</u>	<u> 5,526,981</u>
Totals	<u>\$(1,920,175)</u>	<u>\$12,113,460</u>	<u>\$10,193,285</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 22.08% 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	\$37,461,498	\$5,958,153	\$43,421,121
Maintenance	14,220,513	5,080,357	19,299,396
Interest	<u>47,702</u>	<u>1,074,950</u>	<u>1,122,652</u>
 Total local street and road revenue	 <u>\$51,729,713</u>	 <u>\$12,113,460</u>	 <u>\$63,843,173</u>
 30% of total local street and road revenue			 \$19,152,952
Less maintenance expenditures incurred to date			 <u>(14,099,644)</u>
 Available maintenance funds			 <u>\$ 5,053,308</u>
 Cumulative percentage expended for maintenance			 <u>22.08%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;

- iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$4,570,569
Less MOE base year requirement	<u>(3,509,614)</u>
Excess MOE for the year ended June 30, 2019	<u>\$1,060,955</u>

- 13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
 - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
 - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.
 - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.
 - ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.
 - iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$414. We selected \$414 (100.00%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

Results: This procedure is not applicable as the City did not incur payroll expenditures for RTCIP projects FY19.

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

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

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

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

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 22, 2019.

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

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

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

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

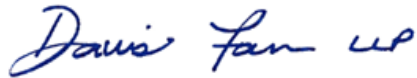
Results: This procedure is not applicable as there were no prior year findings and recommendations.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

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

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

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

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

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

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

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

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

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

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CHV39	N/A	Regional Arterial Management Systems	\$ -	\$ 15,500	\$ -	\$ (15,500)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	15,500	-	(15,500)	-	-	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
CHV30	STM361	I-5 Multi-Modal Corridor Imprv. Study	41,009	81,000	-	(163,620)	-	(41,611)	(a)
CHV39	TF350	Traffic Signal System Optimization	(22,356)	221,387	-	(236,006)	-	(36,975)	(a)
CHV39	TF400	Signal Retiming of Yellow	-	4,344	-	(3,646)	-	698	
		Total CHV39 Projects	(22,356)	225,731	-	(239,652)	-	(36,277)	
CHV43	TF354	Traffic Congestion Relief Program	-	-	-	-	-	-	(b)
CHV44	TF344	I 805 Direct Access Ramp E H and E Palomar	-	-	-	-	-	-	(b)
CHV44	TF356	Otay Mesa Transportation System	1,531	-	-	(175)	-	1,356	
		Total CHV44 Projects	1,531	-	-	(175)	-	1,356	
CHV48	STM387	Pavement Major Rehab FY16	345,502	-	-	-	-	345,502	
CHV48	STM390	Major Pavement Rehab FY 2016/17	115,880	-	-	(20,597)	-	95,283	
CHV48	STM393	Major Pavement Rehabilitation FY2017/18	4,316	421,000	-	(2,521,093)	-	(2,095,777)	(a)
CHV48	STM397	Major Pavement Rehabilitation FY2018/19	-	85,400	-	(84,971)	-	429	
		Total CHV48 Projects	465,698	506,400	-	(2,626,661)	-	(1,654,563)	
		Subtotal Congestion Relief	485,882	813,131	-	(3,030,108)	-	(1,731,095)	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
		Balance carried forward - Congestion Relief	\$ 485,882	\$ 813,131	\$ -	\$ (3,030,108)	\$ -	\$ (1,731,095)	
CHV51	STL359	Naples St. & Oleander Ave. CG/ADA	3,273	-	-	-	-	3,273	
CHV51	STL382	Cross Gutter Rehabilitation	139	29,500	-	(52,658)	-	(23,019)	(a)
		Total CHV51 Projects	3,412	29,500	-	(52,658)	-	(19,746)	
CHV54	STM367	So Broadway Improv. Main to SthrnCity	1,749	-	-	-	(1,749)	-	(b)(c)
CHV58	STL426	Sidewalk Gap Citywide FY 17/18	(25,444)	115,000	-	(96,034)	-	(6,478)	(a)
CHV60	STL418	Bonita RD & Allen School Lane	(921)	17,368	-	(142,156)	-	(125,709)	(a)
CHV64	TF396	Trfc Mgmt Cntr&Commn MstrPln1	62	-	-	-	(62)	-	(d)
CHV70	STM384	Bike Lanes onBrdwy FsblyStudy	1,191	93,000	-	(86,311)	62	7,942	(d)
CHV70	STM392	Bike Lanes on Broadway	244	186,000	-	(86,318)	-	99,926	
		Total CHV70 Projects	1,435	279,000	-	(172,629)	62	107,868	
CHV77	TF395	SANDAG MainSt Fiber OpticAddtl	1,167	-	-	-	-	1,167	
CHV79	TF397	Raised Median Reconstruction	(144,576)	198,143	-	(23,467)	-	30,100	
CHV80	STL406	3rd Ave Streetscp Imprv Phs 3	(1,927)	1,927	-	(66,280)	-	(66,280)	(a)
CHV82	STL420	Palomar St/Orange Ave Sidewalk	38,795	152,654	-	(374,215)	-	(182,766)	(a)
CHV84	TRF404	Retiming Signals/ Install Fiber Optic Comm Sys	(151)	100,151	-	(190,850)	-	(90,850)	(a)
		Subtotal Congestion Relief	359,483	1,706,874	-	(4,148,397)	(1,749)	(2,083,789)	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
		Balance carried forward - Congestion Relief	\$ 359,483	\$ 1,706,874	\$ -	\$ (4,148,397)	\$ (1,749)	\$ (2,083,789)	
CHV85	STM398	East "H" Street Sidewalk Improvements	-	15,644	-	(17,016)	1,380	8	(c)
		Interest Income	24,805	-	4,258	-	-	29,063	
		Total Congestion Relief	384,288	1,722,518	4,258	(4,165,413)	(369)	(2,054,718)	
		Maintenance:							
CHV06	OP219	Pavement Management System	(25,116)	104,850	-	(113,897)	-	(34,163)	(a)
CHV06	STL423	Pavement Minor Rehab	-	26,000	-	(30,832)	-	(4,832)	(a)
		Total CHV06 Projects	(25,116)	130,850	-	(144,729)	-	(38,995)	
CHV22	OP202	CIP Advanced Planning	(5,292)	41,400	-	(43,132)	-	(7,024)	(a)
CHV22	OP208	CIP Management & Equipment Purchase	5,367	-	-	(2,844)	-	2,523	
		Total CHV22 Projects	75	41,400	-	(45,976)	-	(4,501)	
CHV33	STL410	Kellog Elem Schl Ped Improvmt	89	40,613	-	(40,646)	-	56	
CHV33	STM380	Sidewalk Replacement E H Street Study	7,806	16,792	-	(24,598)	-	-	
CHV33	TF345	School Zone Traffic Calming	29,648	3,000	-	(28,694)	-	3,954	
CHV33	TF384	Lauderbach Elem. Pedestrian Imprv	961	61,050	-	(62,001)	-	10	
		Total CHV33 Projects	38,504	121,455	-	(155,939)	-	4,020	
		Subtotal Maintenance	13,463	293,705	-	(346,644)	-	(39,476)	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
		Balance carried forward - Maintenance	\$ 13,463	\$ 293,705	\$ -	\$ (346,644)	\$ -	\$ (39,476)	
CHV34	GGV222	Asset Management	-	-	-	(27,000)	-	(27,000)	(a)
CHV34	SW292	Indtrl Blvd & Main St Swr Imprv	11,975	-	-	(9,065)	-	2,910	
CHV34	TF327	Neighborhood Safety Program	(36,827)	224,604	-	(240,133)	-	(52,356)	(a)
CHV34	TF394	Ped Crsswk Enhanc @UncntrldIn	23,116	36,000	-	(59,070)	-	46	
CHV34	TRF411	Ped Imprvmnts- Castle Park Middle School	-	2,319	-	(2,315)	-	4	
CHV34	TRF413	Ladder Crosswalks at Controlled Intersections Progra	-	2,116	-	(2,052)	-	64	
		Total CHV34 Projects	(1,736)	265,039	-	(339,635)	-	(76,332)	
CHV35	TF332	Signing and Striping Program	1	-	-	-	(1)	-	(b)(e)
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	33,666	161,214	-	(199,547)	12,577	7,910	(e)
CHV35	TF393	Internally IllumntdSNS Convrsn	12,576	-	-	-	(12,576)	-	(b)(e)
CHV35	TF399	IntSigning/Striping Prog Schools	25,359	90,121	-	(115,480)	-	-	
CHV35	TF402	Traffic Signal Mod Broadway/F and Broadway/G	-	-	-	(51,716)	-	(51,716)	(a)
		Total CHV35 Projects	71,602	251,335	-	(366,743)	-	(43,806)	
CHV45	STM369	Bikeway Facilities Gap Project	2,570	22,140	-	(24,172)	-	538	
CHV45	TF274	Traffic Count	(29,902)	68,000	-	(3,421)	-	34,677	
CHV45	TF321	Citywide Traffic Count Program	7,187	27,000	-	(26,543)	-	7,644	
CHV45	TF392	Palomar St Trffc Data Collectn	-	3,543	-	(2,576)	-	967	
		Total CHV45 Projects	(20,145)	120,683	-	(56,712)	-	43,826	
CHV50	DR205	CMP Rehabilitation In Right of Way FY17/18	12,058	7,800	-	(19,175)	-	683	
CHV50	DR206	CMP Rehabilitation in ROW FY17	32,767	269,126	-	(60,204)	-	241,689	
CHV50	DR207	Drainage Infra Assesmnt in ROW	7,823	48,835	-	(830)	-	55,828	
CHV50	STM385	Bridge Maintenance	3,915	7,307	-	(11,000)	-	222	
		Total CHV50 Projects	56,563	333,068	-	(91,209)	-	298,422	
		Subtotal Maintenance	119,747	1,263,830	-	(1,200,943)	-	182,634	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
		Balance carried forward - Maintenance	\$ 119,747	\$ 1,263,830	\$ -	\$ (1,200,943)	\$ -	\$ 182,634	
CHV53	STL404	Bikeway Master Plan2016 Update	22,912	-	-	(79,093)	-	(56,181)	(a)
CHV75	STL405	ADA Curb Ramps FY2014/15	(50,740)	50,740	-	-	-	-	
CHV75	STL415	ADA Curb Ramp Program FY16/17	(49,275)	51,487	-	(1,192)	-	1,020	
CHV75	STL432	ADA Pedestrian Curb Ramps Program FY18/19	-	8,700	-	(10,480)	-	(1,780)	(a)
		Total CHV75 Projects	(100,015)	110,927	-	(11,672)	-	(760)	
CHV78	OP228	Sweetwater River Pathway Study	(369)	-	-	-	369	-	(b)(c)
CHV83	STM394	Local Street Utility Undergrounding District	(1,066)	11,736	-	(14,275)	-	(3,605)	(a)
		Interest Income	10,630	-	1,825	-	-	12,455	
		Total Maintenance	51,839	1,386,493	1,825	(1,305,983)	369	134,543	
		Total Local Street Improvements	436,127	3,109,011	6,083	(5,471,396)	-	(1,920,175)	
		Major Corridor Environmental Mitigation:							
CHV08	OP227	Cstl Ccts WrenHabitat Restrtn	23,597	10,806	-	(35,060)	-	(657)	(a)
CHV08	OP229	Cstl Ccts WrenHabitat Restrtn 2016	3,078	4,807	-	(9,045)	-	(1,160)	(a)
		Total CHV08 Projects	26,675	15,613	-	(44,105)	-	(1,817)	
		Total Major Corridor Environmental Mitigation	26,675	15,613	-	(44,105)	-	(1,817)	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
Bikes and Pedestrian									
CHV76	STL412	F Street Promenade Streetscape Masterplan	\$ (65,062)	\$ 138,400	\$ -	\$ (84,708)	\$ (15,976)	\$ (27,346)	(f)
		Total Bikes and Pedestrian	(65,062)	138,400	-	(84,708)	(15,976)	(27,346)	
Smart Growth:									
CHV53	STL404	Bikeway Master Plan 2016 Update	-	-	-	(63,423)	-	(63,423)	(a)
CHV63	OP217	Palomar Gateway Specific Plan	14,166	-	-	-	(14,166)	-	(b)(g)
CHV74	N/A	Healthy Chula Vista Initiative	4,666	-	-	-	(4,666)	-	(b)(g)
		Total Smart Growth	18,832	-	-	(63,423)	(18,832)	(63,423)	
		Total <i>TransNet</i> Extension	416,572	3,278,524	6,083	(5,679,132)	(34,808)	(2,012,761)	
		GASB 31 Market Value Adjustment	(3,765)	-	704	-	-	(3,061)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 412,807	\$ 3,278,524	\$ 6,787	\$ (5,679,132)	\$ (34,808)	\$ (2,015,822)	

Notes:

- (a) To be covered by drawdown or reimbursement request in FY20.
- (b) Project complete.
- (c) Transferred balance of \$1,749 from CHV54 (STM367) to CHV85 (STM398) in the amount of \$1,380, and CHV78 (OP228) in the amount of \$369.
- (d) Transfer balance of \$62 from completed project (CHV64 -TF396) to CHV70 (STM384).
- (e) Transferred to TF366 from within CHV35 (\$12,576 from TF393 and \$1 from TF332).
- (f) To be covered by drawdown or reimbursement request in FY20. Includes expenditures that were not reflected correctly in prior years. FY16 correction was \$22,866 and FY18 correction was (\$6,890) for an adjustment of \$15,976.
- (g) Refund to SANDAG (overpayment) per Staff Resolution 2019-028.

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CHV39	N/A	Regional Arterial Management Systems	\$ 108,500	\$ -	\$ (108,500)	\$ -
		Total Congestion Relief-Pass Through	<u>108,500</u>	<u>-</u>	<u>(108,500)</u>	<u>-</u>
Congestion Relief:						
CHV30	STM361	15 Multi-Modal Corridor Improv. Study	<u>634,940</u>	<u>-</u>	<u>(676,551)</u>	<u>(41,611)</u>
CHV39	TF350	Traffic Signal System Optimization	1,216,543	833	(1,254,351)	(36,975)
CHV39	TF400	Signal Retiming of Yellow	<u>6,476</u>	<u>-</u>	<u>(5,778)</u>	<u>698</u>
		Total CHV39 Projects	<u>1,223,019</u>	<u>833</u>	<u>(1,260,129)</u>	<u>(36,277)</u>
CHV43	TF354	Traffic Congestion Relief Program	<u>326,585</u>	<u>-</u>	<u>(326,585)</u>	<u>-</u>
CHV44	TF344	I 805 Direct Access Ramp E H and E Palomar	292,768	-	(292,768)	-
CHV44	TF356	Otay Mesa Transportation System	<u>12,428</u>	<u>-</u>	<u>(11,072)</u>	<u>1,356</u>
		Total CHV 44 Projects	<u>305,196</u>	<u>-</u>	<u>(303,840)</u>	<u>1,356</u>
CHV48	STM387	Pavement Major Rehab FY16	3,463,208	-	(3,117,706)	345,502
CHV48	STM390	Major Pavement Rehab FY 2016/17	3,527,202	-	(3,431,919)	95,283
CHV48	STM393	Major Pavement Rehabilitation FY2017/18	572,082	-	(2,667,859)	(2,095,777)
CHV48	STM397	Major Pavement Rehabilitation FY2018/19	<u>85,400</u>	<u>-</u>	<u>(84,971)</u>	<u>429</u>
		Total CHV 48 Projects	<u>7,647,892</u>	<u>-</u>	<u>(9,302,455)</u>	<u>(1,654,563)</u>
		Subtotal Congestion Relief	<u>10,137,632</u>	<u>833</u>	<u>(11,869,560)</u>	<u>(1,731,095)</u>

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Congestion Relief balance carried forward	<u>\$ 10,137,632</u>	<u>\$ 833</u>	<u>\$ (11,869,560)</u>	<u>\$ (1,731,095)</u>
CHV51	STL359	Naples St & Oleander Ave CG/ADA	91,598	-	(88,325)	3,273
CHV51	STL382	Cross Gutter Rehabilitation	<u>135,709</u>	<u>-</u>	<u>(158,728)</u>	<u>(23,019)</u>
		Total CHV 51 Projects	<u>227,307</u>	<u>-</u>	<u>(247,053)</u>	<u>(19,746)</u>
CHV54	STM367	So Broadway Improv Main to SthrnCity	<u>1,374,218</u>	<u>-</u>	<u>(1,374,218)</u>	<u>-</u>
CHV58	STL426	Sidewalk Gap Citywide FY 17/18	<u>165,669</u>	<u>-</u>	<u>(172,147)</u>	<u>(6,478)</u>
CHV60	TF418	Bonita RD & Allen School Lane	<u>29,290</u>	<u>-</u>	<u>(154,999)</u>	<u>(125,709)</u>
CHV64	TF396	Traffic Mgmt Cntr & Commn Mstr Pln 1	<u>249,938</u>	<u>-</u>	<u>(249,938)</u>	<u>-</u>
CHV70	STM384	Bike Lanes onBrdwy FsbiltyStudy	336,995	-	(329,053)	7,942
CHV70	STM392	Bike Lanes on Broadway	<u>250,833</u>	<u>-</u>	<u>(150,907)</u>	<u>99,926</u>
		Total CHV70 Projects	<u>587,828</u>	<u>-</u>	<u>(479,960)</u>	<u>107,868</u>
CHV77	TF395	SANDAG Main St Fiber OpticAddtl	<u>7,123</u>	<u>-</u>	<u>(5,956)</u>	<u>1,167</u>
CHV79	TF397	Raised Median Reconstruction	<u>425,697</u>	<u>-</u>	<u>(395,597)</u>	<u>30,100</u>
CHV80	STL406	3rd Ave Streetscp Imprv Phs 3	<u>299,350</u>	<u>-</u>	<u>(365,630)</u>	<u>(66,280)</u>
CHV82	STL420	Palomar St/Orange Ave Sidewalk	<u>413,210</u>	<u>-</u>	<u>(595,976)</u>	<u>(182,766)</u>
CHV84	TRF404	Retiming Signals/ Install Fiber Optic Comm Sys	<u>102,020</u>	<u>-</u>	<u>(192,870)</u>	<u>(90,850)</u>
		Subtotal Congestion Relief	<u>14,019,282</u>	<u>833</u>	<u>(16,103,904)</u>	<u>(2,083,789)</u>

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Congestion Relief balance carried forward	\$ 14,019,282	\$ 833	\$ (16,103,904)	\$ (2,083,789)
CHV85	STM398	East "H" Street Sidewalk Improvements	17,024	-	(17,016)	8
		Interest Income	-	29,063	-	29,063
		Total Congestion Relief	14,036,306	29,896	(16,120,920)	(2,054,718)
		Maintenance:				
CHV06	OP219	Pavement Management System	769,820	-	(803,983)	(34,163)
CHV06	STL423	Pavement Minor Rehab	26,000	-	(30,832)	(4,832)
		Total CHV06 Projects	795,820	-	(834,815)	(38,995)
CHV22	OP202	CIP Advanced Planning	602,066	-	(609,090)	(7,024)
CHV22	OP208	CIP Management & Equipment Purchase	45,873	-	(43,350)	2,523
		Total CHV 22 Projects	647,939	-	(652,440)	(4,501)
CHV33	STL410	Kellog Elem School Ped Improvement	65,658	-	(65,602)	56
CHV33	STM380	Sidewalk Replacement E H Street Study	145,912	-	(145,912)	-
CHV33	TF345	School Zone Traffic Calming	510,707	-	(506,753)	3,954
CHV33	TF384	Lauderbach Elem. Pedestrian Imprv	96,796	-	(96,786)	10
		Total CHV 33 Projects	819,073	-	(815,053)	4,020
		Subtotal Maintenance	2,262,832	-	(2,302,308)	(39,476)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Maintenance balance carried forward	\$ 2,262,832	\$ -	\$ (2,302,308)	\$ (39,476)
CHV34	GGV222	Asset Management	100,000	-	(127,000)	(27,000)
CHV34	SW292	Indtrl Blvd & Main St Swr Imprv	136,726	-	(133,816)	2,910
CHV34	TF327	Neighborhood Safety Program	1,451,786	-	(1,504,142)	(52,356)
CHV34	TF394	Ped Crosswalk Enhance @ UncntrldIn	82,000	-	(81,954)	46
CHV34	TF411	Ped Imprvmnts- Castle Park Middle School	2,319	-	(2,315)	4
CHV34	TF413	Ladder Crosswalks at Controlled Intersections Program	2,116	-	(2,052)	64
		Total CHV 34 Projects	1,774,947	-	(1,851,279)	(76,332)
CHV35	TF332	Signing and Stripping Program	435,536	-	(435,536)	-
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	1,782,495	-	(1,774,585)	7,910
CHV35	TF393	Internally Illuminated SNS Convrns	140,320	-	(140,320)	-
CHV35	TF399	Internally IllumntdSNS Convrsm	213,963	-	(213,963)	-
CHV35	TF402	Traffic Signal Mod Broadway/F and Broadway/G	-	-	(51,716)	(51,716)
		Total CHV 35 Projects	2,572,314	-	(2,616,120)	(43,806)
CHV45	STM369	Bikeway Facilities Gap Project	351,161	-	(350,623)	538
CHV45	TF274	Traffic Count	249,394	-	(214,717)	34,677
CHV45	TF321	Citywide Traffic Count Program	461,003	-	(453,359)	7,644
CHV45	TF392	Palomar St Traffic Data Collection	26,530	-	(25,563)	967
		Total CHV 45 Projects	1,088,088	-	(1,044,262)	43,826
		Subtotal Maintenance	7,698,181	-	(7,813,969)	(115,788)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Maintenance balance carried forward	\$ 7,698,181	\$ -	\$ (7,813,969)	\$ (115,788)
CHV50	DR205	CMP Rehabilitation In Right of Way FY17/18	59,456	-	(58,773)	683
CHV50	DR206	CMP Rehabilitation in ROW FY17	1,430,173	-	(1,188,484)	241,689
CHV50	DR207	Drainage Infra Assesmnt in ROW	136,194	-	(80,366)	55,828
CHV50	STM385	Bridge Maintenance	53,485	-	(53,263)	222
		Total CHV 50 Projects	<u>1,679,308</u>	<u>-</u>	<u>(1,380,886)</u>	<u>298,422</u>
CHV53	STL404	Bikeway Master Plan2016 Update	60,752	-	(116,933)	(56,181)
CHV75	STL405	ADA Curb Ramps FY2014/15	446,571	-	(446,571)	-
CHV75	STL415	ADA Curb Ramp Program FY16/17	301,020	-	(300,000)	1,020
CHV75	STL432	ADA Pedestrian Curb Ramps Program FY18/19	8,700	-	(10,480)	(1,780)
		Total CHV 75 Projects	<u>756,291</u>	<u>-</u>	<u>(757,051)</u>	<u>(760)</u>
CHV78	OP228	Sweetwater River Pathway Study	369	-	(369)	-
CHV83	STM0394	Local Street Utility Undergrounding District	22,737	-	(26,342)	(3,605)
		Interest Income	<u>-</u>	<u>12,455</u>	<u>-</u>	<u>12,455</u>
		Total Maintenance	<u>10,217,638</u>	<u>12,455</u>	<u>(10,095,550)</u>	<u>134,543</u>
		Total Local Street Improvements	<u>24,362,444</u>	<u>42,351</u>	<u>(26,324,970)</u>	<u>(1,920,175)</u>

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
Major Corridor Environmental Mitigation:						
CHV08	OP227	Cstl Ccts WrenHabitat Restrnr	\$ 170,838	\$ -	\$ (171,495)	\$ (657)
CHV08	OP229	Cstl Ccts WrenHabitat Restrnr 2016	48,068	-	(49,228)	(1,160)
Total Major Corridor Environmental Mitigation			218,906	-	(220,723)	(1,817)
Bike and Pedestrian:						
CHV76	STL412	F Street Promenade Streetscape Masterplan	385,635	-	(412,980)	(27,345)
Total Bike and Pedestrian			385,635	-	(412,980)	(27,345)
Smart Growth:						
CHV53	STL404	Bikeway Master Plan2016	-	-	(63,423)	(63,423)
CHV63	OP217	Palomar Gateway Specific Plan	381,026	-	(381,026)	-
CHV74	N/A	Healthy Chula Vista Initiative	94,970	-	(94,970)	-
Total Smart Growth			475,996	-	(539,419)	(63,423)
Subtotal Cumulative <i>TransNet</i> Extension			\$ 25,442,980	\$ 42,351	\$ (27,498,092)	\$ (2,012,761)
Completed Projects:						
LSI - Congestion Relief			23,425,192	4,132	(23,429,324)	-
LSI - Maintenance			4,002,875	1,219	(4,004,094)	-
Major Corridor Environmental Mitigation			803,460	-	(803,460)	-
Smart Growth			3,628,570	-	(3,628,570)	-
Bike and Pedestrian			379,525	-	(379,525)	-
Total Completed Projects			32,239,622	5,351	(32,244,973)	-
Total Cumulative <i>TransNet</i> Extension			\$ 57,682,602	\$ 47,702	\$ (59,743,065)	\$ (2,012,761)

SCHEDULE C

CITY OF CHULA VISTA CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2019	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2012	June 30, 2019		\$ 39,992	\$ 1,243	\$ (41,235)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2013	June 30, 2020		67,830	562	(68,392)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021		52,116	951	(27,804)	-	-	25,263	25,677
For Fiscal Year ended June 30, 2015	June 30, 2022		90,931	502	-	-	-	91,433	91,433
For Fiscal Year ended June 30, 2016	June 30, 2023		90,345	-	-	-	-	90,345	90,345
For Fiscal Year ended June 30, 2017	June 30, 2024		5,708	-	-	-	-	5,708	5,708
For Fiscal Year ended June 30, 2018	June 30, 2025		389,773	-	-	-	-	389,773	389,773
For Fiscal Year ended June 30, 2019	June 30, 2026		120,066	-	-	-	-	120,066	-
Interest Income			-	21,081	-	-	-	21,081	7,231
Subtotal RTCIP Funds			856,761	24,339	(137,431)	-	-	743,669	610,167
GASB 31 Market Value Adjustment			-	(3,669)	-	-	-	(3,669)	(539)
Total RTCIP Funds			\$ 856,761	\$ 20,670	\$ (137,431)	\$ -	\$ -	\$ 740,000	\$ 609,628

CITY OF CORONADO, CALIFORNIA

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

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Coronado, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$143,659, \$1,854 of which were non-payroll related. We selected \$1,854 (100.00%) of non-payroll expenditures for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

Results: We selected ten payroll charges for testing. No exceptions were noted as a result of our procedures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

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

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

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

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

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

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

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

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

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

Results: This procedure is not applicable as there were no adjustments included on Schedule A.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.
8. We reviewed that the ending 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 2019 apportionment	\$632,317
Less: debt service payment	<u> -</u>
Net estimated apportionment	632,317
30% base	<u> 30%</u>
Fiscal year 2019 30% threshold	<u>189,695</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	234,237
Maintenance fund balance	<u>(57,949)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>176,288</u>
Fund balance under apportionment	<u>\$13,407</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$234,237	\$ 189,972	\$ 424,209
Maintenance	<u>(57,949)</u>	<u>1,807,307</u>	<u>1,749,358</u>
Totals	<u>\$176,288</u>	<u>\$1,997,279</u>	<u>\$2,173,567</u>

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

Results: The City has expended 4.16% 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	\$4,574,225	\$ 89,461	\$4,663,686
Maintenance	225,000	1,773,722	1,998,722
Interest	<u>17,435</u>	<u>134,096</u>	<u>151,531</u>
Total local street and road revenue	<u>\$4,816,660</u>	<u>\$1,997,279</u>	<u>\$6,813,939</u>
30% of total local street and road revenue			\$2,044,182
Less maintenance expenditures incurred to date			<u>(283,272)</u>
Available maintenance funds			<u>\$1,760,910</u>
Cumulative percentage expended for maintenance			<u>4.16%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.

- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$1,429,796
Less MOE base year requirement	<u>(863,498)</u>
Excess MOE for the year ended June 30, 2019	<u>\$ 566,298</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

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

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

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

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

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

Results: The City is not in compliance with the RTCIP exaction fee requirement. See Finding 1 in the Findings and 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 ensured that a footnote was provided on the status of the project.

Results: The City has exaction fees committed but not expended within seven years. The City added the following footnote: "The City plans to program funding for the SR75 Median Project in FY20 to expend RTCIP revenues collected." No exceptions were noted as a result of our procedures.

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2019.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 20, 2019.

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

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

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

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

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

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

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2020

CITY OF CORONADO, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2019

(1) Need to Use Approved Exaction Fee

The City did not collect the required exaction fee amount of \$2,483.48. For the 11 permits issued in FY 2019, the exaction fee collected was based upon the prior year exaction fee amount. This resulted in an under-collection of the exaction fee in the amount of \$873 as follows:

<u>Invoice Number</u>	<u>Amount Collected</u>	<u>Amount Required</u>	<u>Variance</u>
Various – 11 Exactions	\$26,445	\$27,318	\$873

SANDAG Board recommendations as of February 23, 2018 and subsequent approval states, in part:

“...the Board of Directors is asked to approve a 3.3 percent adjustment to the Regional Transportation Congestion Improvement Program (RTCIP) raising the minimum fee from \$2,404.14 to \$2,483.48 beginning July 1, 2018.”

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 \$873. Additionally, we recommend that the City update and collect the proper exaction fees on a yearly basis to be in compliance with the RTCIP fees.

Management Response

The City will attempt to collect the RTCIP shortages from permit payees. Whatever is not recovered will be funded to the RTCIP fund from the General Fund. The City Council already approved the new fees on April 16, 2019. Public Services & Engineering Department are in the process of changing the fees in the system and place controls to update them in annual basis.

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

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

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

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

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

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

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

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

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

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

SCHEDULE A

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
TransNet Extension:									
Congestion Relief:									
COR 07	9782-17SCG	Street, Curb & Gutter-FY17	\$ 323,900	\$ -	\$ 4,485	\$ (97,737)	\$ -	\$ 230,648	
COR 07	9719-18SCG	Street, Curb & Gutter-FY18	<u>3,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,589</u>	
		Total Congestion Relief	<u>327,489</u>	<u>-</u>	<u>4,485</u>	<u>(97,737)</u>	<u>-</u>	<u>234,237</u>	
Maintenance:									
COR 04	9718-18SLURRY	Street and Road Maintenance	<u>(57,949)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,949)</u>	(a)
		Total Maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,949)</u>	
Senior Mini Grant:									
COR20	SMG16-17	Senior Out and About Mini-Grant	<u>(26,806)</u>	<u>46,869</u>	<u>-</u>	<u>(45,922)</u>	<u>-</u>	<u>(25,859)</u>	(a)
		Total Senior Mini Grant	<u>(26,806)</u>	<u>46,869</u>	<u>-</u>	<u>(45,922)</u>	<u>-</u>	<u>(25,859)</u>	
		Total <i>TransNet</i> Extension	242,734	46,869	4,485	(143,659)	-	150,429	
		GASB 31 Market Value Adjustment	<u>(220)</u>	<u>-</u>	<u>705</u>	<u>-</u>	<u>-</u>	<u>485</u>	
		Total <i>TransNet</i> Extension after GASB 31 adjustment	<u>\$ 242,514</u>	<u>\$ 46,869</u>	<u>\$ 5,190</u>	<u>\$ (143,659)</u>	<u>\$ -</u>	<u>\$ 150,914</u>	

Notes:

(a) The City will request a drawdown in FY 20 to remove the deficit.

SCHEDULE B

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<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, 2019</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
COR 07	9782-17SCG	Street, Curb & Gutter-FY17	\$ 760,376	\$ 4,923	\$ (534,651)	\$ 230,648
COR 07	9719-18SCG	Street, Curb & Gutter-FY18	<u>-</u>	<u>3,652</u>	<u>(63)</u>	<u>3,589</u>
		Total Congestion Relief	<u>760,376</u>	<u>8,575</u>	<u>(534,714)</u>	<u>234,237</u>
Maintenance:						
COR 04	9718-18SLURRY	Street and Road Maintenance	<u>155,000</u>	<u>-</u>	<u>(212,949)</u>	<u>(57,949)</u>
		Total Maintenance	<u>155,000</u>	<u>-</u>	<u>(212,949)</u>	<u>(57,949)</u>
		Total Local Street Improvements	<u>915,376</u>	<u>8,575</u>	<u>(747,663)</u>	<u>176,288</u>
Senior Mini Grant:						
COR20	SMG16-17	Senior Out and About Mini-Grant	<u>87,937</u>	<u>-</u>	<u>(113,796)</u>	<u>(25,859)</u>
		Total Senior Mini Grant	<u>87,937</u>	<u>-</u>	<u>(113,796)</u>	<u>(25,859)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>1,003,313</u>	<u>8,575</u>	<u>(861,459)</u>	<u>150,429</u>
Completed Projects:						
		LSI - Congestion Relief	3,813,849	8,537	(3,822,386)	-
		LSI - Maintenance	<u>70,000</u>	<u>323</u>	<u>(70,323)</u>	<u>-</u>
		Total Completed Projects	<u>3,883,849</u>	<u>8,860</u>	<u>(3,892,709)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 4,887,162</u>	<u>\$ 17,435</u>	<u>\$ (4,754,168)</u>	<u>\$ 150,429</u>

SCHEDULE C

CITY OF CORONADO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2019	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2011	June 30, 2018	(a) COR14/COR24	\$ 16,648	\$ 605	\$ (15,205)	\$ -	\$ (2,048)	\$ 2,048	\$ 2,009
For Fiscal Year ended June 30, 2012	June 30, 2019	COR24	6,369	419	-	-	(6,788)	6,788	6,658
For Fiscal Year ended June 30, 2013	June 30, 2020	COR24	4,330	216	-	-	(4,546)	4,546	4,459
For Fiscal Year ended June 30, 2014	June 30, 2021	COR24	35,820	1,461	-	-	(6,618)	37,281	36,567
For Fiscal Year ended June 30, 2015	June 30, 2022		24,273	898	-	-	-	25,171	24,689
For Fiscal Year ended June 30, 2016	June 30, 2023		18,536	595	-	-	-	19,131	18,765
For Fiscal Year ended June 30, 2017	June 30, 2024		21,213	639	-	-	-	21,852	21,433
For Fiscal Year ended June 30, 2018	June 30, 2025		14,425	347	-	-	-	14,772	14,489
For Fiscal Year ended June 30, 2019	June 30, 2026		26,446	516	-	-	-	26,962	-
Total RTCIP Funds			168,060	5,696	(15,205)	-	(20,000)	158,551	129,069
GASB 31 Market Value Adjustment			-	461	-	-	-	461	(17)
Total RTCIP Funds			\$ 168,060	\$ 6,157	\$ (15,205)	\$ -	\$ (20,000)	\$ 159,012	\$ 129,052

Notes:

(a) The City plans to program funding for the SR75 Median Project in FY20 to expend RTCIP Revenues collected.

CITY OF DEL MAR, CALIFORNIA

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

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Del Mar, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as the City did not have interest income reported on Schedule A.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$196,019. We selected \$196,019 (100%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy No. 031.

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

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

Results: This procedure is not applicable as there were no payroll expenditures included in the total *TransNet* expenditures.

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

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

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

Results: This procedure is not applicable as there were no amounts in the adjustments column.

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

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

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

Results: 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, 2020.

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

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

Results: MPO ID DM02 had no activity over the past two years. No exceptions were noted as a result of our procedures.

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

Results: SANDAG approved the reason for the inactivity on February 11, 2019.

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

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

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

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

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

Results: This procedure is not applicable as there were no adjustments reported on Schedule A that were required to be on Schedule B.

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

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

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

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

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

Fiscal year 2019 apportionment	\$ 205,503
Less: debt service payment	<u>(196,019)</u>
Net estimated apportionment	9,484
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>2,845</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(10,460)
Maintenance fund balance	<u>9,000</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,460)</u>
Fund balance under apportionment	<u>\$ 4,305</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(10,460)	\$(246,627)	\$(257,087)
Maintenance	<u>9,000</u>	<u>272,446</u>	<u>281,446</u>
Totals	<u>\$(1,460)</u>	<u>\$ 25,819</u>	<u>\$ 24,359</u>

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

Results: The City has expended 6.09% of cumulative local street and road revenue for maintenance as indicated on the following page:

	City	SANDAG	Total
Congestion relief	\$6,039,577	\$ (257,310)	\$5,782,267
Maintenance	402,626	268,905	671,531
Interest	<u>7,668</u>	<u>14,224</u>	<u>21,892</u>

Total local street and road revenue	<u>\$6,449,871</u>	<u>\$ 25,819</u>	<u>\$6,475,690</u>
30% of total local street and road revenue			\$1,942,707
Less maintenance expenditures incurred to date			<u>(394,270)</u>
Available maintenance funds			<u>\$1,548,437</u>
Cumulative percentage expended for maintenance			<u>6.09%</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, 2018</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Interest</u> <u>Payments</u>
2014 Series A Bonds	\$2,831,517	\$ -	\$55,997	\$2,775,520	\$140,022

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
 - c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.

- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City had an outstanding unmet MOE requirement for the prior year in the amount of \$932 for the Specialized Transportation. In the City’s response to the prior year finding, the City had requested and was subsequently granted a three-year extension in the time permitted to meet the MOE threshold. MOE activity for the year ended June 30, 2019, is summarized as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Current year local discretionary expenditures	\$6,381,211	\$ 23,500	\$6,404,711
Less MOE base year requirement	<u>(453,089)</u>	<u>(20,877)</u>	<u>(473,966)</u>
Excess MOE for the year ended June 30, 2019	<u>\$5,928,122</u>	<u>\$ 2,623</u>	<u>\$5,930,745</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

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

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

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

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2019.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 18, 2019.

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

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

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

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

Results: The prior year report included a finding that the City of Del Mar did not meet its MOE requirement for Senior Transportation and was in a shortfall in the amount of \$932. Our testing of the MOE requirement for the year ended June 30, 2019 did not identify any exceptions and was sufficient to cover the prior deficit. This 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, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
April 15, 2020

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

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

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

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

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

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

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

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

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

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

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 3,195	\$ -	\$ -	\$ -	\$ -	\$ 3,195	(a)
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	(13,655)	-	-	-	-	(13,655)	(b)
		2014 Series A Bond	-	196,019	-	(196,019)	-	-	
		Total Congestion Relief	(10,460)	196,019	-	(196,019)	-	(10,460)	
Maintenance:									
DM01	44.6101.5900	Resurfacing and Drainage Project	9,000	-	-	-	-	9,000	(c)
		Total Maintenance	9,000	-	-	-	-	9,000	
		Total Local Street Improvements	(1,460)	196,019	-	(196,019)	-	(1,460)	
		Total <i>TransNet</i> Extension	\$ (1,460)	\$ 196,019	\$ -	\$ (196,019)	\$ -	\$ (1,460)	

Notes:

- (a) Project will resume in Fiscal Year 2019-20 when sufficient funding is available.
- (b) To clear the deficit balance, the City will request a drawdown next fiscal year from programmed funds available.

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 207,386	\$ 459	\$ (204,650)	\$ 3,195
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	4,199,985	5,154	(4,218,794)	(13,655)
		2014 Series A Bonds	<u>927,983</u>	<u>-</u>	<u>(927,983)</u>	<u>-</u>
		Total Congestion Relief	<u>5,335,354</u>	<u>5,613</u>	<u>(5,351,427)</u>	<u>(10,460)</u>
Maintenance:						
DM01	44.6101.5900	Resurfacing and Drainage Project	<u>402,626</u>	<u>644</u>	<u>(394,270)</u>	<u>9,000</u>
		Total Maintenance	<u>402,626</u>	<u>644</u>	<u>(394,270)</u>	<u>9,000</u>
		Total Local Street Improvements	<u>5,737,980</u>	<u>6,257</u>	<u>(5,745,697)</u>	<u>(1,460)</u>
		Total Cumulative <i>TransNet</i> Extension	<u>5,737,980</u>	<u>6,257</u>	<u>(5,745,697)</u>	<u>(1,460)</u>
Completed Projects:						
		LSI - Commercial Paper Debt Service	1,082	-	(1,082)	-
		LSI - Congestion Relief	704,223	1,411	(705,634)	-
		Bikes and Pedestrian	<u>812,000</u>	<u>-</u>	<u>(812,000)</u>	<u>-</u>
		Total Completed Projects	<u>1,517,305</u>	<u>1,411</u>	<u>(1,518,716)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 7,255,285</u>	<u>\$ 7,668</u>	<u>\$ (7,264,413)</u>	<u>\$ (1,460)</u>

CITY OF DEL MAR, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed at June 30, 2019	June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2012	June 30, 2019		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2013	June 30, 2020		2,165	84	(2,249)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021		2,209	49	(2,241)	-	-	17	17
For Fiscal Year ended June 30, 2015	June 30, 2022		-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023		-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2017	June 30, 2024		-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2018	June 30, 2025		2,404	25	-	-	-	2,429	2,429
For Fiscal Year ended June 30, 2019	June 30, 2026		<u>2,483</u>	<u>68</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,551</u>	<u>-</u>
Total RTCIP Funds			<u>\$ 9,261</u>	<u>\$ 226</u>	<u>\$ (4,490)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,997</u>	<u>\$ 2,446</u>

CITY OF EL CAJON, CALIFORNIA

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

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of El Cajon, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$2,467,347. We selected \$838,469 (33.98%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2019. The City allocates costs to capital projects using a fully-burdened hourly rate multiplied by the actual hours worked. The City does not have a formal written indirect cost plan. The City's indirect cost rates were last updated in June 30, 2016. The dollar amount of the indirect costs charged to the *TransNet* program was \$17,416, resulting in 0.71% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

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

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.
- Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
- k. We obtained approval from SANDAG staff for the reason of inactivity.
- Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.
- Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.
- Results: No exceptions were noted as a result of our procedures.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.
- Results: No exceptions were noted as a result of our procedures.
- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.
- Results: No exceptions were noted as a result of our procedures.
- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.
- Results: No exceptions were noted as a result of our procedures.

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

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

Fiscal year 2019 apportionment	\$2,405,338
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,405,338
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>721,601</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(1,442,366)
Maintenance fund balance	<u>(259,213)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,701,579)</u>
Fund balance under apportionment	<u>\$2,423,180</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,442,366)	\$1,827,407	\$ 385,041
Maintenance	<u>(259,213)</u>	<u>3,229,453</u>	<u>2,970,240</u>
Totals	<u>\$(1,701,579)</u>	<u>\$5,056,860</u>	<u>\$3,355,281</u>

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

Results: The City has expended 18.60% 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	\$16,402,878	\$ 1,578,667	\$17,981,545
Maintenance	4,584,761	3,134,786	7,719,547
Interest	<u>7,097</u>	<u>343,407</u>	<u>350,504</u>
 Total local street and road revenue	 <u>\$20,994,736</u>	 <u>\$5,056,860</u>	 <u>\$26,051,596</u>
 30% of total local street and road revenue			 \$ 7,815,479
Less maintenance expenditures incurred to date			<u>(4,846,103)</u>
 Available maintenance funds			 \$ <u>2,969,376</u>
 Cumulative percentage expended for maintenance			 <u>18.60%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$2,667,230
Less MOE base year requirement	<u>(1,712,753)</u>
Excess MOE for the year ended June 30, 2019	<u>\$ 954,477</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

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

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

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

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2019.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

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

Results: This procedure is not applicable as there were no payroll expenditures identified during FY19.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 18, 2019.

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

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

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

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

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

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

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

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

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

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

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

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

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
EL06	N/A	Regional Arterial Management Systems	\$ -	\$ 9,700	\$ -	\$ (9,700)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	9,700	-	(9,700)	-	-	
Congestion Relief:									
EL03	PW3576	Overlay Thoroughfares 2017	(72,690)	-	-	-	-	(72,690)	(a)(b)
EL03	PW3613/ PW50018	Overlay Thoroughfares 2018	337,227	-	-	(1,420,717)	-	(1,083,490)	(b)
EL03	PW50019	Overlay 2019	(390,573)	-	-	-	-	(390,573)	(b)
		Total EL03 Projects	(126,036)	-	-	(1,420,717)	-	(1,546,753)	
EL06	PW3580	Traffic Signal System Upgrades 2017	(1,146)	1,146	-	-	-	-	(a)
EL06	PW3616	Traffic Signal System Upgrades 2018	15,494	74,799	-	(90,293)	-	-	
EL06	PW3617	Washington Ave Complete Streets	-	15,201	-	(7,254)	-	7,947	
EL06	PW3659	Traffic Safety Calming 2019	-	171	-	(171)	-	-	
EL06	PW3660	Traffic Signal System Upgrades 2019	-	78,683	-	(78,200)	-	483	
		Total EL06 Projects	14,348	170,000	-	(175,918)	-	8,430	
EL18	PW3577	Street Light LED Retrofit Program 2017	(13,318)	13,318	-	-	-	-	(a)
EL18	PW3614	Street Light LED Retrofit Program 2018	(1,487)	1,487	-	-	-	-	(a)
EL18	PW3617	Washington Ave Complete Streets	(1,116)	15,770	-	(14,654)	-	-	(a)
EL18	PW3658	Street Light LED Retrofit Program 2019	(67,148)	94,425	-	(89,187)	-	(61,910)	(b)
		Total EL18 Projects	(83,069)	125,000	-	(103,841)	-	(61,910)	
EL29	PW3579	Traffic Safety Calming 2017	13,062	-	-	-	-	13,062	(a)(c)
EL29	PW3491	Traffic Safety Calming	30,998	-	-	-	-	30,998	(a)(c)
EL29	PW3615	Traffic Safety Calming- ECVHS	55,300	-	-	-	-	55,300	(a)(c)
EL29	PW3659	Traffic Safety Calming 2019	-	60,000	-	(6,461)	-	53,539	
		Total EL29 Projects	99,360	60,000	-	(6,461)	-	152,899	
		Subtotal Congestion Relief	\$ (95,397)	\$ 355,000	\$ -	\$ (1,706,937)	\$ -	\$ (1,447,334)	

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
		Congestion Relief balance carried forward	\$ (95,397)	\$ 355,000	\$ -	\$ (1,706,937)	\$ -	\$ (1,447,334)	
		Interest Income	4,968	-	-	-	-	4,968	
		Total Congestion Relief	(90,429)	355,000	-	(1,706,937)	-	(1,442,366)	
		Maintenance:							
EL11	PW3405	Sidewalk	17,658	-	-	-	-	17,658	(a)(c)
EL11	PW3575	ADA Pedestrian Ramps & Sidewalks 2017	(25)	25	-	-	-	-	(a)
EL11	PW3594	ADA Pedestrian Ramps & Sidewalks 2018	651	154,304	-	(154,955)	-	-	(a)
EL11	PW52019	Concrete Grind 2019	-	130,000	-	(72,456)	-	57,544	(a)(c)
EL11	PW53019	ADA Concrete Improvements 2019	-	20,671	-	(47,248)	-	(26,577)	(b)
		Total EL11 Projects	18,284	305,000	-	(274,659)	-	48,625	
EL21	PW3578	Street Resurfacing/Preservation 2017	(25,161)	25,161	-	-	-	-	(a)
EL21	PW3617	Washington Ave Complete Streets	-	-	-	(126,169)	-	(126,169)	(b)
EL21	PW3622	Street Resurfacing/Preservation 2018	(93,113)	94,839	-	(2,786)	-	(1,060)	(a)(b)
EL21	PW51019	Slurry 2019	-	-	-	(182,738)	-	(182,738)	(b)
		Total EL21 Projects	(118,274)	120,000	-	(311,693)	-	(309,967)	
		Interest Income	2,129	-	-	-	-	2,129	
		Total Maintenance	(97,861)	425,000	-	(586,352)	-	(259,213)	
		Total Local Street improvements	(188,290)	789,700	-	(2,302,989)	-	(1,701,579)	
		Smart Growth:							
EL33	MG3542	El Cajon Smart Growth	-	126,199	-	(164,358)	-	(38,159)	(b)
		Total Smart Growth	-	126,199	-	(164,358)	-	(38,159)	
		Total <i>TransNet</i> Extension	(188,290)	915,899	-	(2,467,347)	-	(1,739,738)	
		GASB 31 Market Value Adjustment	(4,849)	-	-	-	4,849	-	(d)
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (193,139)	\$ 915,899	\$ -	\$ (2,467,347)	\$ 4,849	\$ (1,739,738)	

Notes:

- (a) Project Completed.
- (b) City will request funds during FY20.
- (c) Balances will be reallocated with the 2021 RTIP amendment.
- (d) GASB 31 Adjustment made in agreement with City's financial records.

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
EL06	N/A	Regional Arterial Management Systems	\$ 67,900	\$ -	\$ (67,900)	\$ -
		Total Congestion Relief - Pass-Through	<u>67,900</u>	<u>-</u>	<u>(67,900)</u>	<u>-</u>
Congestion Relief:						
EL03	PW3576	Overlay Thoroughfares 2017	1,275,846	-	(1,348,536)	(72,690)
EL03	PW3613/PW50018	Overlay Thoroughfares 2018	400,000	-	(1,483,490)	(1,083,490)
EL03	PW50019	Overlay 2019	<u>-</u>	<u>-</u>	<u>(390,573)</u>	<u>(390,573)</u>
		Total EL03 Projects	<u>1,675,846</u>	<u>-</u>	<u>(3,222,599)</u>	<u>(1,546,753)</u>
EL06	PW3580	Traffic Signal System Upgrades 2017	93,647	-	(93,647)	-
EL06	PW3616	Traffic Signal System Upgrades 2018	147,697	-	(147,697)	-
EL06	PW3617	Washington Ave Complete Streets	15,201	-	(7,254)	7,947
EL06	PW3659	Traffic Safety Calming 2019	171	-	(171)	-
EL06	PW3660	Traffic Signal System Upgrades 2019	<u>78,683</u>	<u>-</u>	<u>(78,200)</u>	<u>483</u>
		Total EL06 Projects	<u>335,399</u>	<u>-</u>	<u>(326,969)</u>	<u>8,430</u>
EL18	PW3577	Street Light LED Retrofit Program 2017	65,809	-	(65,809)	-
EL18	PW3614	Street Light LED Retrofit Program 2018	81,487	-	(81,487)	-
EL18	PW3617	Washington Ave Complete Streets	15,770	-	(15,770)	-
EL18	PW3658	Street Light LED Retrofit Program 2019	<u>94,425</u>	<u>-</u>	<u>(156,335)</u>	<u>(61,910)</u>
		Total EL18 Projects	<u>257,491</u>	<u>-</u>	<u>(319,401)</u>	<u>(61,910)</u>
EL29	PW3579	Traffic Safety Calming 2017	45,000	-	(31,938)	13,062
EL29	PW3491	Traffic Safety Calming	179,775	-	(148,777)	30,998
EL29	PW3615	Traffic Safety Calming- ECVHS	215,300	-	(160,000)	55,300
EL29	PW3659	Traffic Safety Calming 2019	<u>60,000</u>	<u>-</u>	<u>(6,461)</u>	<u>53,539</u>
		Total EL29 Projects	<u>500,075</u>	<u>-</u>	<u>(347,176)</u>	<u>152,899</u>
		Subtotal Congestion Relief	<u>\$ 2,768,811</u>	<u>\$ -</u>	<u>\$ (4,216,145)</u>	<u>\$ (1,447,334)</u>

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Congestion Relief balance carried forward	\$ 2,768,811	\$ -	\$ (4,216,145)	\$ (1,447,334)
		Interest Income	-	4,968	-	4,968
		Total Congestion Relief	<u>2,768,811</u>	<u>4,968</u>	<u>(4,216,145)</u>	<u>(1,442,366)</u>
		Maintenance:				
EL11	PW3405	Sidewalk	350,956	-	(333,298)	17,658
EL11	PW3575	ADA Pedestrian Ramps & Sidewalks 2017	66,571	-	(66,571)	-
EL11	PW3594	ADA Pedestrian Ramps & Sidewalks 2018	194,304	-	(194,304)	-
EL11	PW52019	Concrete Gring 2019	130,000	-	(72,456)	57,544
EL11	PW53019	ADA Concrete Improvements 2019	20,671	-	(47,248)	(26,577)
		Total EL11 Projects	<u>762,502</u>	<u>-</u>	<u>(713,877)</u>	<u>48,625</u>
EL21	PW3578	Street Resurfacing/Preservation 2017	559,834	-	(559,834)	-
EL21	PW3617	Washington Ave Complete Streets	-	-	(126,169)	(126,169)
EL21	PW3622	Street Resurfacing/Preservation 2018	339,643	-	(340,703)	(1,060)
EL21	PW51019	Slurry 2019	-	-	(182,738)	(182,738)
		Total EL21 Projects	<u>899,477</u>	<u>-</u>	<u>(1,209,444)</u>	<u>(309,967)</u>
		Interest Income	-	2,129	-	2,129
		Total Maintenance	<u>1,661,979</u>	<u>2,129</u>	<u>(1,923,321)</u>	<u>(259,213)</u>
		Total Local Street Improvements	<u>4,498,690</u>	<u>7,097</u>	<u>(6,207,366)</u>	<u>(1,701,579)</u>
		Smart Growth:				
EL33	MG3542	El Cajon Smart Growth	126,199	-	(164,358)	(38,159)
EL33	MG3545	El Cajon Transit Center Mobility Plan	342,855	-	(342,855)	-
		Total Smart Growth	<u>469,054</u>	<u>-</u>	<u>(507,213)</u>	<u>(38,159)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>\$ 4,967,744</u>	<u>\$ 7,097</u>	<u>\$ (6,714,579)</u>	<u>\$ (1,739,738)</u>

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<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, 2019</u>
		Cumulative <i>TransNet</i> Extension balance carried forward	\$ 4,967,744	\$ 7,097	\$ (6,714,579)	\$ (1,739,738)
		Completed Projects:				
		Congestion Relief	13,566,167	-	(13,566,167)	-
		Maintenance	<u>2,922,782</u>	<u>-</u>	<u>(2,922,782)</u>	<u>-</u>
		Total Completed Projects	<u>16,488,949</u>	<u>-</u>	<u>(16,488,949)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 21,456,693</u>	<u>\$ 7,097</u>	<u>\$ (23,203,528)</u>	<u>\$ (1,739,738)</u>

SCHEDULE C

CITY OF EL CAJON CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2019	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2012	June 30, 2019		\$ 451	\$ 10	\$ (461)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2013	June 30, 2020		19,485	221	(19,706)	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021		50,807	(432)	(50,375)	-	-	-	
For Fiscal Year ended June 30, 2015	June 30, 2022	EL03	132,986	442	(121,659)	-	(3,853)	11,769	
For Fiscal Year ended June 30, 2016	June 30, 2023		13,860	991	-	-	-	14,851	
For Fiscal Year ended June 30, 2017	June 30, 2024		260,933	-	-	-	-	260,933	
For Fiscal Year ended June 30, 2018	June 30, 2025		50,449	-	-	-	-	50,449	
For Fiscal Year ended June 30, 2019	June 30, 2026		302,985	-	-	-	-	302,985	
Interest Income			-	15,548	-	-	-	15,548	
Total RTCIP Funds			<u>\$ 831,956</u>	<u>\$ 16,780</u>	<u>\$ (192,201)</u>	<u>\$ -</u>	<u>\$ (3,853)</u>	<u>\$ 656,535</u>	<u>\$ 345,811</u>

CITY OF ENCINITAS CALIFORNIA

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

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Encinitas, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$1,515,958. We selected \$533,312 (35.18%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

Results: This procedure is not applicable as payroll expenditures were not allocated to projects on the RTIP for the fiscal year ended June 30, 2019.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

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

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

Results: 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, 2020.

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

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

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

- k. We obtained approval from SANDAG staff for the reason of inactivity.
- Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.
- Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.
- Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year ended June 30, 2019.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.
- Results: No exceptions were noted as a result of our procedures.
- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.
- Results: No exceptions were noted as a result of our procedures.
- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.
- Results: No exceptions were noted as a result of our procedures.
8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included

a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

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

Fiscal year 2019 apportionment	\$1,703,428
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,703,428
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>511,028</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(901,077)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(901,077)</u>
Fund balance under apportionment	<u>\$1,412,105</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(901,077)	\$ 564,798	\$ (336,279)
Maintenance	<u>-</u>	<u>4,728,908</u>	<u>4,728,908</u>
Totals	<u>\$(901,077)</u>	<u>\$5,293,706</u>	<u>\$4,392,629</u>

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

Results: The City has expended 5.49% 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	\$13,909,637	\$ 228,757	\$14,138,394
Maintenance	1,117,046	4,603,133	5,720,179
Interest	<u>30,495</u>	<u>461,816</u>	<u>492,309</u>
 Total local street and road revenue	 <u>\$15,057,178</u>	 <u>\$5,293,706</u>	 <u>\$20,350,884</u>
 30% of total local street and road revenue			 \$6,105,265
Less maintenance expenditures incurred to date			<u>(1,117,046)</u>
 Available maintenance funds			 <u>\$4,988,219</u>
 Cumulative percentage expended for maintenance			 <u>5.49%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.

- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$7,052,214
Less MOE base year requirement	<u>(1,932,140)</u>
Excess MOE for the year ended June 30, 2019	<u>\$5,120,074</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

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

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

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

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

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

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

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

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

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$109,909. We selected \$19,021 (17.31%) for testing. No exceptions were noted as a result of our procedures.

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

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures identified for the fiscal year ending June 30, 2019.

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

Results: This procedure is not applicable as payroll expenditures were not allocated RTCIP projects for the fiscal year ended June 30, 2019.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 24, 2019.

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

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

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"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 Encinitas, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

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

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

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

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

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

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

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

SCHEDULE A

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
ENC28	CS02G	Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
ENC14A	CS18A	FY 17/18 Annual Street Overlay	(63)	106	-	-	(43)	-	(a)
ENC14A	CS19A	FY 18/19 Annual Street Overlay	-	-	-	(441,923)	43	(441,880)	(b)
		Total ENC14A Projects	(63)	106	-	(441,923)	-	(441,880)	
ENC17	CS07B	Santa Fe Dr/I-5 MacKinnon Improvements	(7,893)	7,893	67	(1,420)	-	(1,353)	(b)(c)
ENC17	CS15C	South Coast Hwy 101 Sidewalk Improvement	(77,612)	255,333	2,172	(250,000)	-	(70,107)	(b)(c)
ENC17	CS18G	B Street Sidewalk Project	(30,955)	61,774	525	(34,919)	-	(3,575)	(b)(c)
		Total ENC17 Projects	(116,460)	325,000	2,764	(286,339)	-	(75,035)	
ENC20	CS04D	No. Coast Hwy 101 Streetscape	(57,600)	449,907	3,827	(777,082)	-	(380,948)	(b)
ENC28	CS14E	Upgrade Traffic Signals - El Camino	-	-	-	(991)	-	(991)	(a)(b)
ENC28	CS14F	Upgrade Traffic Signals - Leucadia Blvd.	-	-	-	(2,223)	-	(2,223)	(b)
		Total ENC28 Projects	-	-	-	(3,214)	-	(3,214)	
		Total Congestion Relief	(174,123)	775,013	6,591	(1,508,558)	-	(901,077)	
		Total Local Street Improvements	(174,123)	782,413	6,591	(1,515,958)	-	(901,077)	
		Total <i>TransNet</i> Extension	\$ (174,123)	\$ 782,413	\$ 6,591	\$ (1,515,958)	\$ -	\$ (901,077)	

Notes:

- (a) Project Complete.
- (b) Funding will be requested in FY20 to remove the deficit.
- (c) City submitted an RTIP Amendment in FY19 to reclassify ENC17 from the Maintenance Category to the Construction Relief category effective 7/1/2018.

SCHEDULE B

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
ENC28	CS02G	Regional Arterial Management Systems	\$ 51,800	\$ -	\$ (51,800)	\$ -
		Total Congestion Relief - Pass Through	<u>51,800</u>	<u>-</u>	<u>(51,800)</u>	<u>-</u>
Congestion Relief:						
ENC14A	CS18A	FY 17/18 Annual Street Overlay	1,797,617	4,383	(1,802,000)	-
ENC14A	CS19A	FY 18/19 Annual Street Overlay	<u>43</u>	<u>-</u>	<u>(441,923)</u>	<u>(441,880)</u>
		Total ENC14A Projects	<u>1,797,660</u>	<u>4,383</u>	<u>(2,243,923)</u>	<u>(441,880)</u>
ENC17	CS07B	Santa Fe Dr/I-5 MacKinnon Improvements	289,249	455	(291,057)	(1,353)
ENC17	CS15C	South Coast Hwy 101 Sidewalk Improvement	277,721	2,172	(350,000)	(70,107)
ENC17	CS18G	B Street Sidewalk Project	<u>88,446</u>	<u>525</u>	<u>(92,546)</u>	<u>(3,575)</u>
		Total ENC17 Projects	<u>655,416</u>	<u>3,152</u>	<u>(733,603)</u>	<u>(75,035)</u>
ENC20	CS04D	No. Coast Hwy 101 Streetscape	<u>2,266,225</u>	<u>15,443</u>	<u>(2,662,616)</u>	<u>(380,948)</u>
ENC28	CS14E	Upgrade Traffic Signals - El Camino	40,155	-	(41,146)	(991)
ENC28	CS14F	Upgrade Traffic Signals - Leucadia Blvd.	<u>-</u>	<u>-</u>	<u>(2,223)</u>	<u>(2,223)</u>
		Total ENC28 Projects	<u>40,155</u>	<u>-</u>	<u>(43,369)</u>	<u>(3,214)</u>
		Total Congestion Relief	<u>4,759,456</u>	<u>22,978</u>	<u>(5,683,511)</u>	<u>(901,077)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>\$ 4,811,256</u>	<u>\$ 22,978</u>	<u>\$ (5,735,311)</u>	<u>\$ (901,077)</u>

SCHEDULE B

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<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, 2019</u>
Completed Projects:						
		LSI - Congestion Relief	\$ 9,150,181	\$ 7,517	\$ (9,157,698)	\$ -
		LSI - Maintenance	1,117,046	-	(1,117,046)	-
		Environmental Mitigation Grant	52,744	-	(52,744)	-
		Total Completed Projects	<u>10,319,971</u>	<u>7,517</u>	<u>(10,327,488)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 15,131,227</u>	<u>\$ 30,495</u>	<u>\$ (16,062,799)</u>	<u>\$ (901,077)</u>

SCHEDULE C

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2019	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2010	June 30, 2017	ENC20	\$ 34,680	\$ 526	\$ (35,206)	\$ -	\$ -	\$ -	\$ 35,206
For Fiscal Year ended June 30, 2011	June 30, 2018	ENC20	206,214	2,670	(74,703)	-	(134,181)	134,181	208,884
For Fiscal Year ended June 30, 2012	June 30, 2019	ENC19/ENC20	138,651	1,370	-	-	(140,021)	140,021	140,021
For Fiscal Year ended June 30, 2013	June 30, 2020	ENC19	123,111	1,067	-	-	(124,178)	124,178	124,178
For Fiscal Year ended June 30, 2014	June 30, 2021	ENC19	176,720	1,095	-	-	(177,815)	177,815	177,815
For Fiscal Year ended June 30, 2015	June 30, 2022	ENC19	207,323	891	-	-	(208,214)	208,214	208,214
For Fiscal Year ended June 30, 2016	June 30, 2023	ENC19	242,595	-	-	-	(242,595)	242,595	242,595
For Fiscal Year ended June 30, 2017	June 30, 2024	ENC19	94,233	-	-	-	(94,233)	94,233	94,233
For Fiscal Year ended June 30, 2018	June 30, 2025	ENC19	125,062	-	-	-	(125,062)	125,062	125,062
For Fiscal Year ended June 30, 2019	June 30, 2026	ENC19	151,651	-	-	-	(151,651)	151,651	-
Interest Income			-	65,292	-	-	-	65,292	19,704
Total RTCIP Funds			<u>\$ 1,500,240</u>	<u>\$ 72,911</u>	<u>\$ (109,909)</u>	<u>\$ -</u>	<u>\$ (1,397,950)</u>	<u>\$ 1,463,242</u>	<u>\$ 1,375,912</u>

CITY OF ESCONDIDO, CALIFORNIA

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

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Escondido, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$5,298,941. We selected \$1,606,837 (30.32%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total expenditures in FY19.

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2019. The City allocates costs out of the various departments and into capital projects by using the Engineering personnel 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 department varied between 0.47% and 23.89%. The City allocated a total of \$174,058 of indirect costs in the RTIP, resulting in 3.28% of indirect costs compared to total *TransNet* expenditures. The City does not have a formal written indirect cost plan. The allocation methodology used for the fiscal year ended June 30, 2019 was reviewed by the City Council in June 30, 2018 as part of the budget process. The City's indirect cost have 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.

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

Results: This procedure is not applicable as there were no adjustments made during FY19.

- 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, 2020.

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

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

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

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

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

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

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

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

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

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

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

Results: This procedure is not applicable as the City did not have any adjustments during FY19.

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

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

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

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

Fiscal year 2019 apportionment	\$3,713,169
Less: debt service payment	<u>-</u>
Net estimated apportionment	3,713,169
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>1,113,951</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	15,114
Maintenance fund balance	<u>203,414</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>218,528</u>
Fund balance under apportionment	<u>\$ 895,423</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 15,114	\$10,001,303	\$ 10,016,417

Maintenance	<u>203,414</u>	<u>1,263,567</u>	<u>1,466,981</u>
Totals	<u>\$218,528</u>	<u>\$11,264,870</u>	<u>\$ 11,483,398</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 24.48% 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	\$21,263,826	\$ 9,172,570	\$30,436,396
Maintenance	10,813,711	900,713	11,714,424
Interest	<u>30,574</u>	<u>1,191,587</u>	<u>1,222,161</u>
Total local street and road revenue	<u>\$32,108,111</u>	<u>\$11,264,870</u>	<u>\$43,372,981</u>
30% of total local street and road revenue			\$ 13,011,894
Less maintenance expenditures incurred to date			<u>(10,619,298)</u>
Available maintenance funds			<u>\$ 2,392,596</u>
Cumulative percentage expended for maintenance			<u>24.48%</u>

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

Results: This procedure is not applicable as there are no commercial paper or bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$ 5,952,450
Less MOE base year requirement	<u>(2,889,819)</u>
Excess MOE for the year ended June 30, 2019	<u>\$ 3,062,631</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

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

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

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

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2019.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

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

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

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 29, 2019.

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

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

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
April 15, 2020

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

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

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

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

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

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

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

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

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

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

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ESC02A	691705	East Valley/Valley Center Road	\$ (1,098,488)	\$ 1,800,000	\$ -	\$ (843,833)	\$ -	\$ (142,321)	(a)
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	27,105	15,000	-	(49,659)	-	(7,554)	(a)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	794,342	-	-	(149,973)	-	644,369	
ESC24	690029	Centre City/Highway 78 to Mission Ave	5,606	-	-	(26)	-	5,580	
ESC48	699902	Grand Ave Streetscape Improvements	-	-	-	(619)	-	(619)	(a)
		Subtotal Congestion Relief	<u>(271,435)</u>	<u>1,815,000</u>	<u>-</u>	<u>(1,044,110)</u>	<u>-</u>	<u>499,455</u>	
ESC38	694701	Pavement Rehabilitation FY 17	5,772	-	-	(5,772)	-	-	(b)
ESC38	694801	Pavement Rehabilitation FY 18	(126,366)	1,776,800	-	(1,969,050)	-	(318,616)	(a)
ESC38	694901	Pavement Rehabilitation FY 19	-	325,000	-	(364,164)	-	(39,164)	(a)
		Total ESC38 Project	<u>(120,594)</u>	<u>2,101,800</u>	<u>-</u>	<u>(2,338,986)</u>	<u>-</u>	<u>(357,780)</u>	
ESC39	691402	Traffic Signals & Intersections FY 14	(25)	5,000	-	(34,997)	-	(30,022)	(a)
ESC39	691801	Traffic Signals FY 18	5,568	5,000	-	(40,469)	-	(29,901)	(a)
ESC39	691901	Traffic Signals FY 19	-	5,000	-	(76,587)	-	(71,587)	(a)
		Total ESC39 Project	<u>5,543</u>	<u>15,000</u>	<u>-</u>	<u>(152,053)</u>	<u>-</u>	<u>(131,510)</u>	
		Interest Income	<u>1,456</u>	<u>-</u>	<u>3,493</u>	<u>-</u>	<u>-</u>	<u>4,949</u>	
		Total Congestion Relief	<u>(385,030)</u>	<u>3,931,800</u>	<u>3,493</u>	<u>(3,535,149)</u>	<u>-</u>	<u>15,114</u>	

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
Maintenance:									
ESC37	697801	Pavement Maintenance FY 18	3,666	1,072,200	-	(874,573)	-	201,293	
		Total ESC37 Project	3,666	1,072,200	-	(874,573)	-	201,293	
		Interest Income	624	-	1,497	-	-	2,121	
		Total Maintenance	4,290	1,072,200	1,497	(874,573)	-	203,414	
		Total Local Street Improvements	(380,740)	5,004,000	4,990	(4,409,722)	-	218,528	
Bikes and Pedestrian:									
ESC43	699501	Esc Creek Bikeway Missing Link	(75,324)	918,607	-	(843,283)	-	-	(b)
		Total Bikes and Pedestrian	(75,324)	918,607	-	(843,283)	-	-	
Smart Growth:									
ESC44	699601	Transit Center Active Transportation Connections	(44,505)	43,912	-	(45,091)	-	(45,684)	(c)
ESC48	699902	Grand Ave Streetscape Improvements	-	754	-	(845)	-	(91)	(c)
		Total Smart Growth	(44,505)	44,666	-	(45,936)	-	(45,775)	
Total <i>TransNet</i> Extension			\$ (500,569)	\$ 5,967,273	\$ 4,990	\$ (5,298,941)	\$ -	\$ 172,753	

Notes:

- (a) More project expenditures incurred in June 2019 than anticipated, drawdowns were requested in FY 2020 for ESC02A, ESC04, ESC38, ESC39, and ESC48.
- (b) Project is complete.
- (c) Grant Projects are on a reimbursement basis and 10% retention is held by SANDAG.

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
ESC02A	691705	East Valley/Valley Center Road	\$ 5,004,572	\$ 8,686	\$ (5,155,579)	\$ (142,321)
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	1,002,637	321	(1,010,512)	(7,554)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	808,084	-	(163,715)	644,369
ESC24	690029	Centre City/Highway 78 to Mission Ave	110,000	-	(104,420)	5,580
ESC48	699902	Grand Ave Streetscape Improvements	-	-	(619)	(619)
Subtotal Congestion Relief			<u>6,925,293</u>	<u>9,007</u>	<u>(6,434,845)</u>	<u>499,455</u>
ESC38	694701	Pavement Rehabilitation FY 17	2,487,016	7,500	(2,494,516)	-
ESC38	694801	Pavement Rehabilitation FY 18	2,026,800	-	(2,345,416)	(318,616)
ESC38	694901	Pavement Rehabilitation FY 19	<u>325,000</u>	<u>-</u>	<u>(364,164)</u>	<u>(39,164)</u>
Total ESC38 Project			<u>4,838,816</u>	<u>7,500</u>	<u>(5,204,096)</u>	<u>(357,780)</u>
ESC39	691402	Traffic Signals & Intersections FY 14	115,000	-	(145,022)	(30,022)
ESC39	691801	Traffic Signals FY 18	15,000	-	(44,901)	(29,901)
ESC39	691901	Traffic Signals FY 19	<u>5,000</u>	<u>-</u>	<u>(76,587)</u>	<u>(71,587)</u>
Total ESC39 Project			<u>135,000</u>	<u>-</u>	<u>(266,510)</u>	<u>(131,510)</u>
Interest Income			<u>-</u>	<u>4,949</u>	<u>-</u>	<u>4,949</u>
Total Congestion Relief			<u>11,899,109</u>	<u>21,456</u>	<u>(11,905,451)</u>	<u>15,114</u>
Maintenance:						
ESC37	697801	Pavement Maintenance FY18	<u>1,072,200</u>	<u>3,666</u>	<u>(874,573)</u>	<u>201,293</u>
Total ESC37 Project			<u>1,072,200</u>	<u>3,666</u>	<u>(874,573)</u>	<u>201,293</u>
Subtotal Maintenance			<u>1,072,200</u>	<u>3,666</u>	<u>(874,573)</u>	<u>201,293</u>

SCHEDULE B

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Balance carried forward - Maintenance	\$ 1,072,200	\$ 3,666	\$ (874,573)	\$ 201,293
		Interest Income	-	2,121	-	2,121
		Total Maintenance	1,072,200	5,787	(874,573)	203,414
		Total Local Street Improvements	12,971,309	27,243	(12,780,024)	218,528
		Bikes and Pedestrian:				
ESC43	699501	Esc Creek Bikeway Missing Link	1,091,999	-	(1,091,999)	-
		Total Bikes and Pedestrian	1,091,999	-	(1,091,999)	-
		Smart Growth:				
ESC44	699601	Transit Center Active Transportation Connections	347,882	-	(393,566)	(45,684)
ESC48	699902	Grand Ave Streetscape Improvements	754	-	(845)	(91)
		Total Smart Growth	348,636	-	(394,411)	(45,775)
		Subtotal Cumulative <i>TransNet</i> Extension	14,411,944	27,243	(14,266,434)	172,753
		Completed Projects:				
		Congestion Relief	9,020,631	117	(9,020,748)	-
		Congestion Relief Pass-Through	344,086	-	(344,086)	-
		Maintenance	9,741,511	3,214	(9,744,725)	-
		Completed Bikes and Pedestrian	1,161,050	4,479	(1,165,529)	-
		Total Completed Projects	20,267,278	7,810	(20,275,088)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 34,679,222	\$ 35,053	\$ (34,541,522)	\$ 172,753

CITY OF ESCONDIDO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2019

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2019	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2012	June 30, 2019	ESC02A	\$ 21,351	\$ 1,475	\$ (22,826)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2013	June 30, 2020	ESC02A	43,384	2,400	(45,784)	-	-	-	-
		ESC02A,							
For Fiscal Year ended June 30, 2014	June 30, 2021	ESC04	187,765	6,012	(175,308)	-	(18,469)	18,469	18,469
For Fiscal Year ended June 30, 2015	June 30, 2022	ESC04	200,779	1,423	-	-	(202,202)	202,202	202,202
For Fiscal Year ended June 30, 2016	June 30, 2023	ESC04	267,312	-	-	-	(267,312)	267,312	267,312
For Fiscal Year ended June 30, 2017	June 30, 2024	ESC04	453,403	-	-	-	(453,403)	453,403	453,403
For Fiscal Year ended June 30, 2018	June 30, 2025	ESC04	726,884	-	-	-	(726,884)	726,884	726,884
For Fiscal Year ended June 30, 2019	June 30, 2026	ESC04	64,347	-	-	-	(14,730)	64,347	-
Interest Income			-	77,684	-	-	-	77,684	13,069
Total RTCIP Funds			\$ 1,965,225	\$ 88,994	\$ (243,918)	\$ -	\$ (1,683,000)	\$ 1,810,301	\$ 1,681,339

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Imperial Beach, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$1,030,835. We selected \$542,672.68 (52.64%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy No. 031.

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

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no balances of completed projects that had not been transferred.

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

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

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

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

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

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

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

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

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

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

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

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

Results: This procedure is not applicable as there were no adjustments included on Schedule A that needed to be included on Schedule B.

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

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

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

Results: The City is not in compliance with the 30% requirement as follows:

Fiscal year 2019 apportionment	\$699,542
Less: debt service payment	<u>-</u>
Net estimated apportionment	699,542
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>209,863</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	251,554
Maintenance fund balance	<u>17,420</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>268,974</u>
Fund balance over apportionment	<u>\$ 59,111</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 251,554	\$41,764	\$293,318
Maintenance	<u>17,420</u>	<u>19,056</u>	<u>36,476</u>
Totals	<u>\$268,974</u>	<u>\$60,820</u>	<u>\$329,794</u>

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

Results: The City has expended 27.39% 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	\$5,813,703	\$ 6,250	\$5,819,953
Maintenance	2,251,550	5,186	2,256,736
Interest	<u>31,332</u>	<u>49,384</u>	<u>80,716</u>
Total local street and road revenue	<u>\$8,096,585</u>	<u>\$60,820</u>	<u>\$8,157,405</u>
30% of total local street and road revenue			\$ 2,447,222
Less maintenance expenditures incurred to date			<u>(2,234,527)</u>
Available maintenance funds			<u>\$ 212,695</u>
Cumulative percentage expended for maintenance			<u>27.39%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.

- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$687,738
Less MOE base year requirement	<u>(220,018)</u>
Excess MOE for the year ended June 30, 2019	<u>\$467,720</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

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

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

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

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2019.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

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

Results: This procedure is not applicable as there were no payroll expenditures for the fiscal year ending June 30, 2019.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 21, 2019.

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

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

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

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

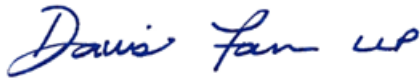
Results: The prior year report included two findings one of which was that the City was not using the approved exaction fee. Our testing of the exaction fee for the year ended June 30, 2019 did not identify any exceptions. The second finding was that the City included RTCIP expenditures that were not eligible. City did not incur RTCIP expenditures for the year ended June 30, 2019 and as such, did not identify any exceptions. These findings are considered to be resolved.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
April 15, 2020

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

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

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

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

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

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

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

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

"TransNet Extension Ordinance" means the 2004 Proposition A.

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

CITY OF IMPERIAL BEACH, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
		TransNet Extension:							
		Local Street Improvements: Congestion Relief:							
IB12	S13309/S18101	Major Street Improvements	\$ 146,780	\$ 821,000	\$ 927	\$ (717,153)	\$ -	\$ 251,554	
		Total Congestion Relief	146,780	821,000	927	(717,153)	-	251,554	
		Maintenance:							
IB02	N/A	Street Maintenance - Operations	38,237	203,786	397	(225,000)	-	17,420	
		Total Maintenance	38,237	203,786	397	(225,000)	-	17,420	
		Total Local Street Improvements	185,017	1,024,786	1,324	(942,153)	-	268,974	
		Smart Growth Grants:							
IB17	S15104	Palm Avenue Mixed Use - Rainbow to Delaware	(30,659)	112,314	-	(88,682)	-	(7,027)	(a)
		Total Smart Growth Grants	(30,659)	112,314	-	(88,682)	-	(7,027)	
		Total TransNet Extension	154,358	1,137,100	1,324	(1,030,835)	-	261,947	
		GASB 31 Market Value Adjustment	(3,579)	-	5,219	-	-	1,640	
		Total TransNet Extension after GASB 31 Adjustment	150,779	1,137,100	6,543	(1,030,835)	-	263,587	
		Non-TransNet:							
IB18	SP1815	Imperial Beach Blvd. Safe Routes to School	-	383,622	-	(383,622)	-	-	
		Total Non-TransNet	-	383,622	-	(383,622)	-	-	
		Total TransNet Extension after GASB 31 Adjustment and Non-TransNet	\$ 150,779	\$ 1,520,722	\$ 6,543	\$ (1,414,457)	\$ -	\$ 263,587	

Notes:

(a) Negative balance represents 10% retention held by SANDAG to be paid upon completion of project.

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<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, 2019</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
IB12	S13309/S18101	Major Street Improvements	\$ 5,813,703	\$ 30,935	\$ (5,593,084)	\$ 251,554
		Total Congestion Relief	<u>5,813,703</u>	<u>30,935</u>	<u>(5,593,084)</u>	<u>251,554</u>
Maintenance:						
IB02	N/A	Street Maintenance - Operations	<u>2,251,550</u>	<u>397</u>	<u>(2,234,527)</u>	<u>17,420</u>
		Total Maintenance	<u>2,251,550</u>	<u>397</u>	<u>(2,234,527)</u>	<u>17,420</u>
		Total Local Street Improvements	<u>8,065,253</u>	<u>31,332</u>	<u>(7,827,611)</u>	<u>268,974</u>
Smart Growth Grants:						
IB17	SB15104	Palm Avenue Mixed Use - Rainbow to Delaware	<u>388,254</u>	<u>-</u>	<u>(395,281)</u>	<u>(7,027)</u>
		Total Smart Growth Grants	<u>388,254</u>	<u>-</u>	<u>(395,281)</u>	<u>(7,027)</u>
Completed Projects:						
		Smart Growth Grant	400,000	-	(400,000)	-
		Bicycles and Pedestrian	<u>1,800,000</u>	<u>-</u>	<u>(1,800,000)</u>	<u>-</u>
		Total Completed Projects	<u>2,200,000</u>	<u>-</u>	<u>(2,200,000)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 10,653,507</u>	<u>\$ 31,332</u>	<u>\$ (10,422,892)</u>	<u>\$ 261,947</u>

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CITY OF IMPERIAL BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	Funds Committed at June 30, 2019	June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2012	June 30, 2019	IB11	\$ 10,615	\$ 315	\$ (10,930)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2013	June 30, 2020	IB11	6,495	161	(6,656)	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	IB11	22,090	462	(22,552)	-	-	-
For Fiscal Year ended June 30, 2015	June 30, 2022	IB11	42,832	645	(43,477)	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023	IB11	48,510	386	(48,896)	-	-	-
For Fiscal Year ended June 30, 2017	June 30, 2024	IB11	197,988	-	(197,988)	-	-	-
For Fiscal Year ended June 30, 2018	June 30, 2025	IB11	352,277	-	(148,100)	(204,177)	204,177	204,177
For Fiscal Year ended June 30, 2019	June 30, 2026	IB11	38,178	-	-	(38,178)	38,178	-
Interest Income			-	10,204	-	-	10,204	5,771
Total RTCIP Funds			\$ 718,985	\$ 12,173	\$ (478,599)	\$ (242,355)	\$ 252,559	\$ 209,948

CITY OF LA MESA, CALIFORNIA

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

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of La Mesa, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as no interest income was reported for the fiscal year.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as no interest income was reported for the fiscal year.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$4,670,150. We selected \$2,008,616 (43.01%) 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 were identified in procedure 6.f.iii.

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

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

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

Results: This procedure is not applicable as there were no payroll expenditures identified during FY19.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of

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

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

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

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

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

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

- k. We obtained approval from SANDAG staff for the reason of inactivity.
Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.
Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.
Results: No exceptions were noted as a result of our procedures.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.
Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.
Results: No exceptions were noted as a result of our procedures.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.
Results: No exceptions were noted as a result of our procedures.
8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included

a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

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

Fiscal year 2019 apportionment	\$1,547,563
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,547,563
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>464,269</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(501,428)
Maintenance fund balance	<u>(184,182)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(685,610)</u>
Fund balance under apportionment	<u>\$ 1,149,879</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(501,428)	\$(955,944)	\$(1,457,372)
Maintenance	<u>(184,182)</u>	<u>1,831,074</u>	<u>1,646,892</u>
Totals	<u>\$(685,610)</u>	<u>\$ 875,130</u>	<u>\$ 189,520</u>

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

Results: The City has expended 17.40% 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	\$18,559,563	\$(1,171,441)	\$17,388,122
Maintenance	3,872,001	1,738,130	5,610,131
Interest	<u>700</u>	<u>308,441</u>	<u>309,141</u>
 Total local street and road revenue	 <u>\$22,432,264</u>	 <u>\$875,130</u>	 <u>\$23,307,394</u>
 30% of total local street and road revenue			 \$ 6,992,218
Less maintenance expenditures incurred to date			<u>(4,056,375)</u>
 Available maintenance funds			 <u>\$2,935,843</u>
 Cumulative percentage expended for maintenance			 <u>17.40%</u>

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

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

12. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.

- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$3,920,826
Less MOE base year requirement	<u>(1,774,888)</u>
Excess MOE for the year ended June 30, 2019	<u>\$2,145,938</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

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

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

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

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

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

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

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

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

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$572,602. We selected \$175,402 (30.63%) for testing. No exceptions were noted as a result of our procedures.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

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

Results: This procedure is not applicable as there were no payroll expenditures identified during FY19.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 29, 2019.

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

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

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in blue ink that reads "Davis Lane CP".

Irvine, California
April 15, 2020

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"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

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

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

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

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

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

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

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

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

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

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
LAM46	n/a	Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
LAM17	302120TR	Street Reconstruction 12	2,928	-	-	-	-	2,928	
LAM34	302138TR	Street Lights/ OH Utilities	24,006	14,933	-	(38,939)	-	-	
LAM34	302192TR	Street Lights/ OH Utilities 19	-	35,067	-	(22,757)	-	12,310	
		Total LAM34 Projects	24,006	50,000	-	(61,696)	-	12,310	
LAM37	302142TR	Traffic Signal Upgrades 14	-	78,565	-	(78,565)	-	-	(a)
LAM37	302162TR	Traffic Signal Upgrades 16	-	21,435	-	(83,625)	-	(62,190)	(b)
LAM37	302171TR	Traffic Signal Upgrades 17	23,878	-	-	(47,588)	6,922	(16,788)	(b)(c)
LAM37	302182TR	Traffic Signal Upgrades 18	-	-	-	(100,000)	-	(100,000)	(b)
		Total LAM37 Projects	23,878	100,000	-	(309,778)	6,922	(178,978)	
LAM40	302153TR	Street Construction 15	353,600	506,851	-	(860,451)	-	-	(a)(d)
LAM40	302164TR	Street Construction 16	-	500,000	-	(500,000)	-	-	(a)
LAM40	302173TR	Street Construction 17	(1,010)	265,243	-	(264,233)	-	-	(a)
LAM40	302184TR	Street Construction 18	(166,710)	632,359	-	(604,573)	52,327	(86,597)	(b)(c)
		Total LAM40 Projects	185,880	1,904,453	-	(2,229,257)	52,327	(86,597)	
LAM44	304170TR	Roadway Drainage Improvements 17	(162,572)	-	-	-	-	(162,572)	(b)
LAM44	304180TR	Roadway Drainage Improvements 18	(87,970)	88,000	-	(89,057)	-	(89,027)	(b)
		Total LAM44 Projects	(250,542)	88,000	-	(89,057)	-	(251,599)	
LAM48	302176CP	West La Mesa Commercial Paper	(629,465)	2,000,000	-	(1,370,535)	-	-	(a)(d)
		Interest Income	508	-	-	-	-	508	
		Total Congestion Relief	\$ (642,807)	\$ 4,142,453	\$ -	\$ (4,060,323)	\$ 59,249	\$ (501,428)	

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
 TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
Maintenance:									
LAM31	General Fund	Street Maintenance	\$ (150,000)	\$ 150,000	\$ -	\$ (150,000)	\$ -	\$ (150,000)	(b)
LAM33	302170TR	Curb, Gutter, Sidewalk 17	(23,810)	29,740	-	(5,930)	-	-	
LAM33	302181TR	Curb, Gutter, Sidewalk 18	-	203,760	-	(227,596)	-	(23,836)	(b)
		Total LAM33 Projects	(23,810)	233,500	-	(233,526)	-	(23,836)	
LAM39	302163TR	Traffic Calming Program 16	(538)	-	-	-	-	(538)	(b)
LAM39	302194TR	Traffic Calming Program 19	-	-	-	(10,000)	-	(10,000)	(b)
		Total LAM39 Projects	(538)	-	-	(10,000)	-	(10,538)	
		Interest Income	192	-	-	-	-	192	
		Total Maintenance	(174,156)	383,500	-	(393,526)	-	(184,182)	
		Total Local Street Improvements	(816,963)	4,533,353	-	(4,461,249)	59,249	(685,610)	
Senior Mini-Grants:									
LAM 27	212001	La Mesa Rides4Neighbors	(77,770)	120,190	-	(157,240)	-	(114,820)	(e)
		Total Senior Mini-Grants	(77,770)	120,190	-	(157,240)	-	(114,820)	
Smart Growth Grant									
LAM 47	302168OT	North Spring Street	(20,716)	64,326	-	(51,661)	-	(8,051)	(e)
		Total Smart Growth Grant	(20,716)	64,326	-	(51,661)	-	(8,051)	
		Total <i>TransNet</i> Extension	\$ (915,449)	\$ 4,717,869	\$ -	\$ (4,670,150)	\$ 59,249	\$ (808,481)	

Notes:

- (a) Projects completed in FY 18-19 and will be closed in FY 19-20
- (b) Funding has been programmed in FY20 and will be drawn down
- (c) The City received an insurance settlement due to a contractor's default and applied to project expenditures in LAM 37 and LAM 40.
- (d) LAM40 and LAM48 - Expenditures were originally programmed and recorded to LAM40 but then added to Project Track as LAM48. Amendment to the RTIP will be Fiscal Year 2019-2020; reimbursement applied to LAM40 to offset expenditures.
- (e) This is a reimbursable funding source and expenditures are expected to be in excess of funding while the project is active.

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
LAM46	n/a	Regional Arterial Management Systems	\$ 51,800	\$ -	\$ (51,800)	\$ -
Total Congestion Relief - Pass-Through			<u>51,800</u>	<u>-</u>	<u>(51,800)</u>	<u>-</u>
Congestion Relief:						
LAM17	302120TR	Street Reconstruction 12	<u>253,601</u>	<u>-</u>	<u>(250,673)</u>	<u>2,928</u>
LAM34	302138TR	Street Lights/ OH Utilities	143,165	-	(143,165)	-
LAM34	302192TR	Street Lights/ OH Utilities 19	<u>35,067</u>	<u>-</u>	<u>(22,757)</u>	<u>12,310</u>
Total LAM 37 Projects			<u>178,232</u>	<u>-</u>	<u>(165,922)</u>	<u>12,310</u>
LAM37	302142TR	Traffic Signal Upgrades 14	555,831	-	(555,831)	-
LAM37	302162TR	Traffic Signal Upgrades 16	37,815	-	(100,005)	(62,190)
LAM37	302171TR	Traffic Signal Upgrades 17	55,276	-	(72,064)	(16,788)
LAM37	302182TR	Traffic Signal Upgrades 18	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Total LAM 37 Projects			<u>648,922</u>	<u>-</u>	<u>(827,900)</u>	<u>(178,978)</u>
LAM40	302153TR	Street Construction 15	1,094,883	-	(1,094,883)	-
LAM40	302164TR	Street Construction 16	500,000	-	(500,000)	-
LAM40	302173TR	Street Construction 17	271,851	-	(271,851)	-
LAM40	302184TR	Street Construction 18	<u>632,359</u>	<u>-</u>	<u>(718,956)</u>	<u>(86,597)</u>
Total LAM40 Projects			<u>2,499,093</u>	<u>-</u>	<u>(2,585,690)</u>	<u>(86,597)</u>
LAM44	304170TR	Roadway Drainage Improvements 17	6,663	-	(169,235)	(162,572)
LAM44	304180TR	Roadway Drainage Improvements 18	<u>88,000</u>	<u>-</u>	<u>(177,027)</u>	<u>(89,027)</u>
Total LAM44 Projects			<u>94,663</u>	<u>-</u>	<u>(346,262)</u>	<u>(251,599)</u>
LAM48	302176CP	West La Mesa Commercial Paper	<u>4,550,473</u>	<u>-</u>	<u>(4,550,473)</u>	<u>-</u>
Subtotal Congestion Relief			<u>\$ 8,224,984</u>	<u>\$ -</u>	<u>\$ (8,726,920)</u>	<u>\$ (501,936)</u>

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, 2019

<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, 2019</u>
		Balance Carried Forward - Congestion Relief	<u>\$ 8,224,984</u>	<u>\$ -</u>	<u>\$ (8,726,920)</u>	<u>\$ (501,936)</u>
		Interest Income	<u>-</u>	<u>508</u>	<u>-</u>	<u>508</u>
		Total Congestion Relief	<u>8,224,984</u>	<u>508</u>	<u>(8,726,920)</u>	<u>(501,428)</u>
		Maintenance:				
LAM31	General Fund	Street Maintenance	<u>1,208,281</u>	<u>-</u>	<u>(1,358,281)</u>	<u>(150,000)</u>
LAM33	302170TR	Curb, Gutter, Sidewalk 17	199,295	-	(199,295)	-
LAM33	302181TR	Curb, Gutter, Sidewalk 18	<u>203,760</u>	<u>-</u>	<u>(227,596)</u>	<u>(23,836)</u>
		Total LAM 33 Projects	<u>403,055</u>	<u>-</u>	<u>(426,891)</u>	<u>(23,836)</u>
LAM39	302163TR	Traffic Calming Program 16	7,344	-	(7,882)	(538)
LAM39	302194TR	Traffic Calming Program 19	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
		Total LAM 39 Projects	<u>7,344</u>	<u>-</u>	<u>(17,882)</u>	<u>(10,538)</u>
		Interest Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		Total Maintenance	<u>1,618,680</u>	<u>192</u>	<u>(1,803,054)</u>	<u>(184,182)</u>
		Total Local Street Improvements	<u>9,895,464</u>	<u>700</u>	<u>(10,581,774)</u>	<u>(685,610)</u>
		Senior Mini-Grants:				
LAM 27	212001	La Mesa Rides4Neighbors	<u>1,131,728</u>	<u>-</u>	<u>(1,246,548)</u>	<u>(114,820)</u>
		Total Senior Mini-Grants	<u>\$ 1,131,728</u>	<u>\$ -</u>	<u>\$ (1,246,548)</u>	<u>\$ (114,820)</u>

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, 2019

<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, 2019</u>
		Smart Growth Grant				
LAM 47	302168OT	North Spring Street	\$ 105,933	\$ -	\$ (113,984)	\$ (8,051)
		Total Smart Growth Grant	<u>105,933</u>	<u>-</u>	<u>(113,984)</u>	<u>(8,051)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>11,133,125</u>	<u>700</u>	<u>(11,942,306)</u>	<u>(808,481)</u>
		Completed Projects:				
		Local Street Improvements				
		Congestion Relief	10,334,579	-	(10,334,579)	-
		Maintenance	2,253,321	-	(2,253,321)	-
		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>15,036,900</u>	<u>-</u>	<u>(15,036,900)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 26,170,025</u>	<u>\$ 700</u>	<u>\$ (26,979,206)</u>	<u>\$ (808,481)</u>

SCHEDULE C

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	Funds Committed at June 30, 2019	June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2012	June 30, 2019		\$ 35,774	\$ -	\$ (35,774)	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2013	June 30, 2020		49,417	-	(49,417)	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021		123,302	-	(123,302)	-	-	-
For Fiscal Year ended June 30, 2015	June 30, 2022		675,754	-	(675,754)	-	-	65,053
For Fiscal Year ended June 30, 2016	June 30, 2023		52,962	-	(52,962)	-	-	52,962
For Fiscal Year ended June 30, 2017	June 30, 2024		43,984	-	(43,984)	-	-	43,984
For Fiscal Year ended June 30, 2018	June 30, 2025		382,078	-	(382,078)	-	-	382,078
For Fiscal Year ended June 30, 2019	June 30, 2026		519,185	-	(28,525)	-	490,660	7,576
Interest Income			-	16,148	-	-	16,148	-
Subtotal RTCIP Funds			1,882,456	16,148	(1,391,796)	-	506,808	551,653
GASB 31 Market Value Adjustment			-	10,596	-	-	10,596	(5,425)
Total RTCIP Funds			<u>\$ 1,882,456</u>	<u>\$ 26,744</u>	<u>\$ (1,391,796)</u>	<u>\$ -</u>	<u>\$ 517,404</u>	<u>\$ 546,228</u>

CITY OF LEMON GROVE, CALIFORNIA

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

Year Ended June 30, 2019

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Lemon Grove, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as there is no interest income.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$643,474. We selected \$376,234 (58.47%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy No. 031.

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

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

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

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2019. Indirect costs are charged based on a percentage of actual salary and fringe benefits of the employees allocated to the TransNet fund. This overhead is then allocated to the Congestion Relief and Maintenance projects based on actual expenses for the current year. The City allocated \$78,186 in indirect costs to the TransNet program, which represented 12.15% of total TransNet expenditures. In 2019, the City engaged a consultant to complete a formal indirect cost allocation plan. City Council approved the plan on June 4, 2019. The plan will be used for FY20 indirect cost calculations. The City's indirect cost allocation has not been reviewed by a federal or state agency or audited by an independent CPA firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

Results: This procedure is not applicable as there were no adjustments.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.
- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure was not applicable as there were no adjustments.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency’s annual *TransNet* apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2019 apportionment	\$712,859
Less: debt service payment	<u> -</u>
Net estimated apportionment	712,859
30% base	<u> 30%</u>
Fiscal year 2019 30% threshold	<u>213,858</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(352,280)
Maintenance fund balance	<u>(133,615)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(486,895)</u>
Fund balance under apportionment	<u>\$ 699,753</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(352,280)	\$434,417	\$ 82,137
Maintenance	<u>(133,615)</u>	<u>219,780</u>	<u>86,165</u>
Totals	<u>\$(485,895)</u>	<u>\$654,197</u>	<u>\$168,302</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 28.34% 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	\$4,953,842	\$ 326,759	\$5,280,601
Maintenance	2,037,770	173,918	2,211,688
Interest	<u>15,471</u>	<u>153,520</u>	<u>168,991</u>
 Total local street and road revenue	 <u>\$7,007,083</u>	 <u>\$654,197</u>	 <u>\$7,661,280</u>
 30% of total local street and road revenue			 \$2,298,384
Less maintenance expenditures incurred to date			<u>(2,171,494)</u>
 Available maintenance funds			 <u>\$ 126,890</u>
 Cumulative percentage expended for maintenance			 <u>28.34%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$967,427
Less MOE base year requirement	<u>(181,274)</u>
Excess MOE for the year ended June 30, 2019	<u>\$786,153</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: The City did not collect the correct exaction fee for all permits issued. See Finding 1 in the Findings and Recommendation section of the report.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$629,081. We selected \$575,824 (91.53%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP payroll expenditures identified during FY19.

- viii. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 28, 2019.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 15. We reviewed and documented the status of any prior year findings and recommendations.


Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: See Findings and Recommendations section of this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in blue ink that reads "Davis Lane" followed by a stylized flourish.

Irvine, California
April 15, 2020

CITY OF LEMON GROVE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Findings and Recommendations

Year Ended June 30, 2019

(1) Need to Use Approved Exaction Fee

Per review of the City’s exaction fee collections for the year ended June 30, 2019, the City did not consistently collect the required exaction fee amount of \$2,483. For 22 permits issued, the exaction fee collected was based upon the FY18 exaction fee amount of \$2,404. This resulted in an under-collection of the exaction fee in the amount of \$1,747 as follows:

<u>Customer No.</u>	<u>Acct/Category</u>	<u>Receipt #</u>	<u>Amount Required</u>	<u>Amount Charged</u>	<u>Variance</u>
052431	B17-000-0348	25052	\$ 2,483	\$ 2,404	\$ 79
048490	B16-000-0351	25566	2,483	2,404	79
046191	B17-000-0516	25636	44,703	43,272	1,431
051684	B18-000-0328	26383	2,483	2,404	79
053310	B18-000-0374	26598	<u>2,483</u>	<u>2,404</u>	<u>79</u>
			<u>\$54,635</u>	<u>\$52,888</u>	<u>\$1,747</u>

SANDAG Board recommendations as of February 26, 2016 and subsequent approval states, in part:

“...the Board of Directors is asked to approve a 3.3 percent adjustment to the Regional Transportation Congestion Improvement Program (RTCIP) raising the minimum fee from \$2,404 to \$2,483 beginning July 1, 2018.”

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 \$1,747. 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 LEMON GROVE, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the *TransNet* Fund

Findings and Recommendations

Year Ended June 30, 2019

(1) Need to Use Approved Exaction Fee (Continued)

Management Response

For fiscal year 2018-2019, the RTCIP exaction fee approved by the SANDAG Board of Directors was increased to \$2,483.48. Although the City Council of Lemon Grove adopted a resolution acknowledging the fee increase in March of 2018, the fee was not updated in the City's point of sale software system. Therefore, permits issued during fiscal year 2018-2019 paid the FY 2017-2018 exaction fee of \$2,404.14, a \$79.34 difference. Previously, the fees in the software system were updated by the Development Services Technician. When that employee retired in October of 2017, the position was cut due to lack of General Fund revenue and the position duties were reassigned. The duty of updating the RTCIP fee in the software system was overlooked and not reassigned to another staff person. When staff brought forward the FY 2019-2020 RTCIP exaction fee to City Council in spring of 2019, the oversight was realized and the Finance Manager took on the duty to update all fees in the City's software system. The FY 2019-2020 RTCIP exaction fee was correctly updated in the City's software system with a July 1, 2019 effective date, so this issue has been remedied for the fiscal year following the audit period. In addition, the Associate Accountant has been trained as a back-up in case the Finance Manager position is vacant in order to prevent this issue from reoccurring in the future due to staff turnover.

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LG13	7130	Realignment - Congestion Relief	\$ (401,632)	\$ 429,107	\$ -	\$ (27,475)	\$ -	\$ -	(a)
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	(21,884)	21,296	-	(14,017)	-	(14,605)	(b)
LG18	7155	Traffic Improvements - Congestion Relief	(3,093)	48,088	-	-	-	44,995	
LG20	7300	Street Improvements - Congestion Relief	(528,995)	559,540	-	(413,215)	-	(382,670)	(b)
		Interest Income	-	-	-	-	-	-	
		Total Congestion Relief	<u>(955,604)</u>	<u>1,058,031</u>	<u>-</u>	<u>(454,707)</u>	<u>-</u>	<u>(352,280)</u>	
Maintenance:									
LG14	7310	Traffic Improvements - Preventive Maintenance	(151,471)	157,478	-	(118,380)	-	(112,373)	(b)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	(22,516)	45,025	-	(16,577)	-	5,932	
LG17	7150	Street Improvements - Preventive Maintenance	(95,412)	122,048	-	(53,810)	-	(27,174)	(b)
		Interest Income	-	-	-	-	-	-	
		Total Maintenance	<u>(269,399)</u>	<u>324,551</u>	<u>-</u>	<u>(188,767)</u>	<u>-</u>	<u>(133,615)</u>	
		Total Local Street Improvements	<u>(1,225,003)</u>	<u>1,382,582</u>	<u>-</u>	<u>(643,474)</u>	<u>-</u>	<u>(485,895)</u>	
Smart Growth Grant:									
LG22	7140	Realignment	(238,448)	238,050	-	-	-	(398)	(a)(c)
LG23	7320	Broadway DVSP	(24,610)	24,610	-	-	-	-	(a)
		Total Smart Growth Grant	<u>(263,058)</u>	<u>262,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(398)</u>	
		Total <i>TransNet</i> Extension	<u>\$ (1,488,061)</u>	<u>\$ 1,645,242</u>	<u>\$ -</u>	<u>\$ (643,474)</u>	<u>\$ -</u>	<u>\$ (486,293)</u>	

Notes:

- (a) Project complete.
- (b) The City received reimbursement from SANDAG in FY20 for funds expended in FY19.
- (c) The prior year project expenditures exceeded grant award by \$398. The City will evaluate options for transferring excess funds in FY20.

SCHEDULE B

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
LG13	7130	Realignment - Congestion Relief	\$ 1,484,228	\$ 12,196	\$ (1,496,424)	\$ -
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	901,892	2,858	(919,355)	(14,605)
LG18	7155	Traffic Improvements - Congestion Relief	149,187	308	(104,500)	44,995
LG20	7300	Street Improvements - Congestion Relief	2,418,535	-	(2,801,205)	(382,670)
		Interest Income	-	-	-	-
		Total Congestion Relief	<u>4,953,842</u>	<u>15,362</u>	<u>(5,321,484)</u>	<u>(352,280)</u>
Maintenance:						
LG14	7310	Traffic Improvements - Preventive Maintenance	880,367	-	(992,740)	(112,373)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	522,423	60	(516,551)	5,932
LG17	7150	Street Improvements - Preventive Maintenance	634,980	49	(662,203)	(27,174)
		Interest Income	-	-	-	-
		Total Maintenance	<u>2,037,770</u>	<u>109</u>	<u>(2,171,494)</u>	<u>(133,615)</u>
		Total Local Street Improvements	<u>6,991,612</u>	<u>15,471</u>	<u>(7,492,978)</u>	<u>(485,895)</u>
Smart Growth Grant:						
LG22	7140	Realignment	805,001	-	(805,399)	(398)
LG23	7320	Broadway DVSP	175,000	-	(175,000)	-
		Total Smart Growth Grant	<u>980,001</u>	<u>-</u>	<u>(980,399)</u>	<u>(398)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>7,971,613</u>	<u>15,471</u>	<u>(8,473,377)</u>	<u>(486,293)</u>
Completed Projects:						
		Smart Growth Grant	<u>2,295,000</u>	<u>-</u>	<u>(2,295,000)</u>	<u>-</u>
		Total Completed Projects	<u>2,295,000</u>	<u>-</u>	<u>(2,295,000)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 10,266,613</u>	<u>\$ 15,471</u>	<u>\$ (10,768,377)</u>	<u>\$ (486,293)</u>

SCHEDULE C

CITY OF LEMON GROVE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				City Adjustments	Funds Committed at June 30, 2019	Cumulative Status		Note
			Funds Received	Interest Income	Project Expenditures				June 30, 2019	June 30, 2018	
For Fiscal Year ended June 30, 2009	June 30, 2016	LG 13	\$ 8,000	\$ 282	\$ (8,282)	\$ -	\$ -	\$ -	\$ 8,282		
For Fiscal Year ended June 30, 2010	June 30, 2017	LG 13	4,080	91	(4,297)	126	-	-	4,171	(a)	
For Fiscal Year ended June 30, 2011	June 30, 2018	LG 13	8,324	183	(8,507)	-	-	-	8,507		
For Fiscal Year ended June 30, 2012	June 30, 2019	LG 13	6,369	99	(6,468)	-	-	-	6,468		
For Fiscal Year ended June 30, 2013	June 30, 2020	LG 13	6,495	80	(6,575)	-	-	-	6,575		
For Fiscal Year ended June 30, 2014	June 30, 2021	LG 13	22,134	215	(22,349)	-	-	-	22,349		
For Fiscal Year ended June 30, 2015	June 30, 2022	LG 13	130,777	737	(131,514)	-	-	-	131,514		
For Fiscal Year ended June 30, 2016	June 30, 2023	LG 13	272,580	2,383	(274,963)	-	-	-	274,963		
For Fiscal Year ended June 30, 2017	June 30, 2024	LG 13	51,854	-	(54,851)	(2,304)	-	-	51,854	(b)	
For Fiscal Year ended June 30, 2018	June 30, 2025	LG 13	50,484	-	(56,393)	-	-	-	50,484		
For Fiscal Year ended June 30, 2019	June 30, 2026	LG 13	52,888	-	(54,882)	-	-	18	-		
Interest Income			-	13,222	-	-	-	13,222	11,210		
Total RTCIP Funds			\$ 613,985	\$ 17,292	\$ (629,081)	\$ (2,178)	-	\$ 13,240	\$ 576,377		

Notes:

- (a) FY10 Interest Income was \$172, not \$46, a difference of \$126
- (b) FY17 Interest Income was \$2,997 not \$5,301, a difference of \$2,304

CITY OF NATIONAL CITY, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of National City, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,441,718. We selected \$391,394 (27.15%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as the City did not have projects with no activity for the past two years on Schedule A.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as the City did not have projects with no activity for the past two years on Schedule A.

- i. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as the City did not transfer *TransNet* funds from one project to another.

- 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 on Schedule A.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending 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 2019 apportionment	\$1,449,679
Less: debt service payment	<u>(378,993)</u>
Net estimated apportionment	1,070,686
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>321,206</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	304,103
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>304,103</u>
Fund balance under apportionment	<u>\$17,103</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$304,103	\$(4,461,712)	\$(4,157,609)
Maintenance	<u>-</u>	<u>4,493,966</u>	<u>4,493,966</u>
Totals	<u>\$304,103</u>	<u>\$ 32,254</u>	<u>\$ 336,357</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 on the following page:

	City	SANDAG	Total
Congestion relief	\$18,558,539	\$(4,686,372)	\$13,872,167
Maintenance	-	4,423,131	4,423,131
Interest	<u>38,733</u>	<u>295,495</u>	<u>334,228</u>
Total local street and road revenue	<u>\$18,597,272</u>	<u>\$32,254</u>	<u>\$18,629,526</u>

30% of total local street and road revenue	\$5,588,858
Less maintenance expenditures incurred to date	_____ -
Available maintenance funds	<u>\$5,588,858</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: The results are summarized below:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2019</u>	<u>Interest Payments</u>
2010 Series A Bonds	\$637,028	\$ -	\$(356,740)	\$280,288	\$(22,253)

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
 - c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$2,535,896
Less MOE base year requirement	<u>(1,970,841)</u>
Excess MOE for the year ended June 30, 2019	<u>\$ 565,055</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: The City is not in compliance with the RTCIP exaction fee requirement. See Finding 1 in the Findings and 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 ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure

that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$101,195. We selected \$96,135 (95.00%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not incur payroll expenditures for RTCIP projects.

- viii. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet*

Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 6, 2019.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

Results: The prior year report included a finding related to charging incorrect exaction fees. The current year testing of the exaction fee (procedure 13.c.i) also resulted in a finding. As of the date of this report, the under-collection of \$3,666 relating to the fiscal year ended June 30, 2018 had not been recovered.

- 16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: See the Findings and Recommendations section of this report.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in blue ink that reads "Davis Lane" followed by a stylized flourish.

Irvine, California
April 15, 2020

CITY OF NATIONAL CITY, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Findings and Recommendations

Year Ended June 30, 2019

(1) Need to Use Approved Exaction Fee

The City did not consistently collect the required exaction fee amount of \$2,483.48. For 2 permits issued, the exaction fee collected was based upon the prior year exaction fee amount. This resulted in an under-collection of the exaction fee in the amount of \$156 as follows:

<u>Invoice Number</u>	<u>Audited Amount</u>	<u>Amount Required</u>	<u>Variance</u>
2016-6291	\$2,405	\$2,483	\$78
2018-7579	<u>2,405</u>	<u>2,483</u>	<u>78</u>
Totals	<u>\$4,810</u>	<u>\$4,966</u>	<u>\$156</u>

SANDAG Board recommendations as of February 23, 2018 and subsequent approval states, in part:

“...the Board of Directors is asked to approve a 3.3 percent adjustment to the Regional Transportation Congestion Improvement Program (RTCIP) raising the minimum fee from \$2,404.14 to \$2,483.48 beginning July 1, 2018.”

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 \$156 for FY19, and remaining under-collection of \$3,666 from FY18, totaling \$3,822. Additionally, we recommend that the City update and collect the proper exaction fees on a yearly basis to be in compliance with the RTCIP fees.

Management Response

The City is no longer using the old fee schedule and to assure compliance with the required exaction amount, the City is still in the process of collecting the under-collected fees for both FY18 and FY19. If collection efforts fail, the City will make up

the shortage in the Regional Transportation Congestion Improvement Program (RTCIP) fund by another discretionary funding source no later than August 31, 2020. The City will also ensure that any future adjustments to RTCIP fees are updated in a timely manner and are collected appropriately.

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2018, through June 30, 2019.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF NATIONAL CITY, CALIFORNIA

TransNet Extension Activities

Schedule of Status of Funds by Project

Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through									
NC04	6558	Regional Arterial Management Systems	\$ -	\$ 8,000	\$ -	\$ (8,000)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	8,000	-	(8,000)	-	-	
Congestion Relief:									
NC01	6569	Plaza Blvd. Widening	536,392	-	-	(5,807)	-	530,585	(a)(b)
NC03	6035	Street Resurfacing Project	(497,230)	400,000	-	(100,000)	-	(197,230)	(b)
NC04	6558	Traffic Signal Install/Upgrade	333,756	800,000	6,004	(701,311)	-	438,449	(c)
NC15	6166	Citywide Safe Routes to School	(364,508)	96,000	-	(199,193)	-	(467,701)	(b)(c)
		2010 Series A Bonds Debt Service	-	378,993	-	(378,993)	-	-	
		Total Congestion Relief	8,410	1,674,993	6,004	(1,385,304)	-	304,103	
		Total Local Street Improvements	8,410	1,682,993	6,004	(1,393,304)	-	304,103	
Smart Growth:									
NC23	6577	Westside Mobility Improvements Project	(200,000)	340,024	-	-	-	140,024	
NC36	6605	Roosevelt Ave Corridor	-	-	-	(2,555)	-	(2,555)	(d)
NC37	6606	Sweetwater Rd Protected Bikeway	-	-	-	(19,677)	-	(19,677)	(d)
		Total Smart Growth	(200,000)	340,024	-	(22,232)	-	117,792	

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
Active Transportation Grant:									
Bike and Pedestrian									
NC 20	6571	Division Street Road Diet	\$ (87,502)	\$ 87,502	\$ -	\$ -	\$ -	\$ -	(a)
NC 33	6601	National City Blvd. Inter-City Bike Connectivity	-	-	-	(10,564)	-	(10,564)	(d)
NC 34	6603	Waterfront To Homefront Connectivity	-	-	-	(15,618)	-	(15,618)	(d)
Total Bike and Pedestrian			<u>(87,502)</u>	<u>87,502</u>	<u>-</u>	<u>(26,182)</u>	<u>-</u>	<u>(26,182)</u>	
Total <i>TransNet</i> Extension			<u>\$ (279,092)</u>	<u>\$ 2,110,519</u>	<u>\$ 6,004</u>	<u>\$ (1,441,718)</u>	<u>\$ -</u>	<u>\$ 395,713</u>	

Notes:

- (a) Project complete.
- (b) City Engineer will take to Council a transfer of \$530,585 from project NC01 and allocate \$197,230 to project NC03 and \$333,355 to project NC15 to remove the project deficits in FY20.
- (c) City Engineer will take to Council a transfer of \$410,453 from project NC04 to project NC15 to remove the project deficit in FY20.
- (d) Grant expenditures will be requested for reimbursement in FY20.

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
NC04	6558	Regional Arterial Management Systems	\$ 56,000	\$ -	\$ (56,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>56,000</u>	<u>-</u>	<u>(56,000)</u>	<u>-</u>
Congestion Relief:						
NC01	6569	Plaza Blvd Widening	771,822	7,393	(248,630)	530,585
NC03	6035	Street Resurfacing Project	9,824,277	3,202	(10,024,709)	(197,230)
NC04	6558	Traffic Signal Install/Upgrade	1,544,682	18,355	(1,124,588)	438,449
NC15	6166	Citywide Safe Routes to School Tax	2,116,000	6,085	(2,589,786)	(467,701)
		2010 Series A Bonds Debt Service	<u>3,421,395</u>	<u>-</u>	<u>(3,421,395)</u>	<u>-</u>
		Total Congestion Relief	<u>17,678,176</u>	<u>35,035</u>	<u>(17,409,108)</u>	<u>304,103</u>
		Total Local Street Improvements	<u>17,734,176</u>	<u>35,035</u>	<u>(17,465,108)</u>	<u>304,103</u>
Smart Growth:						
NC23	6577	Westside Mobility Improvements Project	2,140,024	-	(2,000,000)	140,024
NC36	6605	Roosevelt Ave Corridor	-	-	(2,555)	(2,555)
NC37	6606	Sweetwater Rd Protected Bikeway	<u>-</u>	<u>-</u>	<u>(19,677)</u>	<u>(19,677)</u>
		Total Smart Growth	<u>2,140,024</u>	<u>-</u>	<u>(2,022,232)</u>	<u>117,792</u>

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
Bike and Pedestrian:						
NC 20	6571	Division Street Road Diet	\$ 875,001	\$ -	\$ (875,001)	\$ -
NC 33	6601	National City Blvd. Inter-City Bike Connectivity	-	-	(10,564)	(10,564)
NC 34	6603	Waterfront To Homefront Connectivity	-	-	(15,618)	(15,618)
Total Bike and Pedestrian			<u>875,001</u>	<u>-</u>	<u>(901,183)</u>	<u>(26,182)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>20,749,201</u>	<u>35,035</u>	<u>(20,388,523)</u>	<u>395,713</u>
Completed Projects:						
Congestion Relief			824,363	3,698	(828,061)	-
Smart Growth			5,145,000	-	(5,145,000)	-
Bike and Pedestrian			<u>931,860</u>	<u>-</u>	<u>(931,860)</u>	<u>-</u>
Total Completed Projects			<u>6,901,223</u>	<u>3,698</u>	<u>(6,904,921)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 27,650,424</u>	<u>\$ 38,733</u>	<u>\$ (27,293,444)</u>	<u>\$ 395,713</u>

SCHEDULE C

CITY OF NATIONAL CITY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2012	June 30, 2019	NC01	\$ 152,903	\$ 2,563	\$ (155,466)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2013	June 30, 2020	NC01	102,133	1,191	(103,324)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	NC01	36,044	198	(36,242)	-	-	-	-
For Fiscal Year ended June 30, 2015	June 30, 2022	NC01	351,669	595	(352,264)	-	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023	NC01	13,860	-	(13,860)	-	-	-	-
For Fiscal Year ended June 30, 2017	June 30, 2024	NC01	28,096	-	(28,143)	47	-	-	-
For Fiscal Year ended June 30, 2018	June 30, 2025	NC01	494,561	-	(114,556)	-	-	380,005	481,200
For Fiscal Year ended June 30, 2019	June 30, 2026		141,430	-	-	-	-	141,430	-
Interest Income			-	16,402	-	-	-	16,402	5,339
Subtotal RTCIP Funds			1,320,696	20,949	(803,855)	47	-	537,837	486,539
GASB 31 Market Value Adjustment			-	3,769	-	-	-	3,769	(2,160)
Total RTCIP Funds			<u>\$ 1,320,696</u>	<u>\$ 24,718</u>	<u>\$ (803,855)</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 541,606</u>	<u>\$ 484,379</u>

CITY OF OCEANSIDE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Oceanside, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$8,066,440. We selected \$2,629,154 (32.59%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures for the fiscal year ended June 30, 2019.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2019. The City does not have a formal indirect cost plan. The City allocates costs based on all expenses charged to the designated Engineering Account, as a percentage of each active CIP account on a quarterly basis. The City allocated a total of \$833,483 of indirect costs to RTIP projects, resulting in 10.33% of the total TransNet expenditures. The City's methodology for allocating indirect costs appears reasonable. The City's indirect cost allocation has not been reviewed by a federal or state agency or audited by a CPA firm. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as there was no non-*TransNet* activity reported for the fiscal year.
- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2019 apportionment	\$4,424,684
Less: debt service payment	<u>(502,194)</u>
Net estimated apportionment	3,922,490
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>1,176,747</u>
Less:	
Local Streets and Roads fund balance	431,698
Local Street Improvement:	
Congestion Relief fund balance	(4,201,264)
Maintenance fund balance	<u>(510,350)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(4,279,916)</u>
Fund balance under apportionment	<u>\$5,456,663</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(4,201,264)	\$(1,857,499)	\$(6,058,763)
Maintenance	<u>(510,350)</u>	<u>1,929,952</u>	<u>1,419,602</u>
Totals	<u>\$(4,711,614)</u>	<u>\$ 72,453</u>	<u>\$(4,639,161)</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 25.29% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$43,649,737	\$(2,419,242)	\$41,230,495
Maintenance	14,102,923	1,677,851	15,780,774
Interest	<u>171,217</u>	<u>813,844</u>	<u>985,061</u>
 Total local street and road revenue	 <u>\$57,923,877</u>	 <u>\$ 72,453</u>	 <u>\$57,996,330</u>
 30% of total local street and road revenue			 \$17,398,899
Less maintenance expenditures incurred to date			<u>(14,664,792)</u>
 Available maintenance funds			 <u>\$ 2,734,107</u>
 Cumulative percentage expended for maintenance			 <u>25.29%</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: The results are summarized below:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Principal Adjustments</u>	<u>Balance June 30, 2019</u>	<u>Interest Payments</u>
Commercial Paper Debt Services	\$1,017,200	\$1,417,000	\$456,732	\$ -	\$1,977,468	\$45,462

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;

- iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$5,244,881
Less MOE base year requirement	<u>(2,786,239)</u>
Excess MOE for the year ended June 30, 2019	<u>\$2,458,642</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: This procedure is not applicable as all exaction fees had been expended within seven years of collection.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$99,227. We selected \$48,315 (48.69%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.

- viii. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: No exceptions were noted as a result of our procedures.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 28, 2019.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2018, through June 30, 2019.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet:									
Local Streets and Roads:									
O14	914560900212	No Coast Hwy Bridge Seismic Retro	\$ 400,029	\$ -	\$ -	\$ (125,978)	\$ -	\$ 274,051	
O14	914560800212	Douglas Dr. Bridge Seismic Retro	<u>246,837</u>	<u>-</u>	<u>-</u>	<u>(89,190)</u>	<u>-</u>	<u>157,647</u>	
Total Local Streets and Roads			<u>646,866</u>	<u>-</u>	<u>-</u>	<u>(215,168)</u>	<u>-</u>	<u>431,698</u>	
Total <i>TransNet</i>			<u>646,866</u>	<u>-</u>	<u>-</u>	<u>(215,168)</u>	<u>-</u>	<u>431,698</u>	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
O35	N/A	Regional Arterial Management Systems	<u>-</u>	<u>11,200</u>	<u>-</u>	<u>(11,200)</u>	<u>-</u>	<u>-</u>	
Total Congestion Relief - Pass-Through			<u>-</u>	<u>11,200</u>	<u>-</u>	<u>(11,200)</u>	<u>-</u>	<u>-</u>	
Congestion Relief:									
O17	905120100212	Loma Alta Creek Detention Basins	(150,752)	159,011	-	(7,966)	-	293	
O17	912145015212	LAC Detention Basins Mitigation	<u>(5,640)</u>	<u>7,779</u>	<u>-</u>	<u>(2,139)</u>	<u>-</u>	<u>-</u>	(a)
Total O17 Projects			<u>(156,392)</u>	<u>166,790</u>	<u>-</u>	<u>(10,105)</u>	<u>-</u>	<u>293</u>	
O24	918142415212	Strand Reconstruction	(17,215)	17,215	-	-	-	-	(a)
O24	902754200212	Street Restoration	<u>733,020</u>	<u>102,785</u>	<u>-</u>	<u>(2,177,327)</u>	<u>-</u>	<u>(1,341,522)</u>	(b)
Total O24 Projects			<u>715,805</u>	<u>120,000</u>	<u>-</u>	<u>(2,177,327)</u>	<u>-</u>	<u>(1,341,522)</u>	
O25	902111200212	Adp Signal TMC Traffic Mgmt Ctr	(18,986)	18,986	-	-	-	-	(a)
O25	902131300212	MssnAve Fiber-Optic Cable Design	(722,808)	722,808	-	-	-	-	(a)
O25	902146516212	Downtown Fiber-Optic	(46,036)	101,900	-	(60,260)	-	(4,396)	(b)
O25	903141315212	CstHwy/VstWy Upgrade Trffc Sig	<u>(76,306)</u>	<u>76,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(a)
Total O25 Projects			<u>(864,136)</u>	<u>920,000</u>	<u>-</u>	<u>(60,260)</u>	<u>-</u>	<u>(4,396)</u>	
Subtotal Congestion Relief			<u>(304,723)</u>	<u>1,206,790</u>	<u>-</u>	<u>(2,247,692)</u>	<u>-</u>	<u>(1,345,625)</u>	

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
		Congestion Relief - balance carried forward	\$ (304,723)	\$ 1,206,790	\$ -	\$ (2,247,692)	\$ -	\$ (1,345,625)	
O33	902131200212	Coast Hwy Corridor Study/EIR	48,480	167,297	-	(158,301)	-	57,476	
O33	902137100212	Coast Hwy Vision EIR-SA	87,354	5,646	-	-	-	93,000	
		Total O33 Projects	135,834	172,943	-	(158,301)	-	150,476	
O37	902135600212	Bicycle Master Plan/Bike Sfty	(21,629)	45,882	-	(30,034)	-	(5,781)	(b)
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	(202,002)	222,892	-	(48,511)	-	(27,621)	(b)
O38	902134600212	Traffic Sig Safety& Ped Access	(63,144)	63,144	-	-	-	-	(a)
O38	902135500212	Neighborhood Traffic Sfty Impr	(93,489)	103,647	-	(27,459)	-	(17,301)	(b)
		Total O38 Projects	(358,635)	389,683	-	(75,970)	-	(44,922)	
O39	902135200212	Clementime Intersection Reconstruction	80,911	-	-	-	-	80,911	(c)
O39	917141614212	Coco Palms Flood Imprvmt	11,724	-	-	-	-	11,724	(d)
		Total O39 Projects	92,635	-	-	-	-	92,635	
O40	902135400212	Mainline R/R Xing Sfty	(572,255)	1,417,000	-	(3,003,905)	-	(2,159,160)	(e)
O41	907118100212	Lot 23 Transit Parking Strctr	(2,752,107)	2,346,201	-	(560,818)	7,966	(958,758)	(b)(f)
O42	902145615212	Seagaze Downtown Mobility - City	-	15,118	-	-	(15,118)	-	(a)(g)
O42	902145616212	Seagaze Downtown Mobility - Cnstr	-	58,885	-	(833)	(58,837)	(785)	(g)(h)
		Total O42 Projects	-	74,003	-	(833)	(73,955)	(785)	
O44	902143215212	El Camino Real Guardrail	7,966	-	-	-	(7,966)	-	(a)(f)
		Subtotal Congestion Relief	(3,772,914)	5,652,502	-	(6,077,553)	(73,955)	(4,271,920)	

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
		Congestion Relief balance carried forward	<u>\$ (3,772,914)</u>	<u>\$ 5,652,502</u>	<u>\$ -</u>	<u>\$ (6,077,553)</u>	<u>\$ (73,955)</u>	<u>\$ (4,271,920)</u>	
O45	902146816212	Mission Ave from Carolyn Cir to Foussat Rd	(25,202)	73,119	-	(124,246)	-	(76,329)	(a)(b)
O45	902147216212	Douglas Dr Median HSIP-City	(46,640)	55,393	-	(12,083)	-	(3,330)	(b)
O45	902149717212	Roundabout Mesa/Barnwell	(7,316)	7,316	-	-	-	-	(a)
		Total O45 Projects	<u>(79,158)</u>	<u>135,828</u>	<u>-</u>	<u>(136,329)</u>	<u>-</u>	<u>(79,659)</u>	
O46	904146616212	Coastal Rail Trail Oblvd Morse	(22,378)	35,000	-	(15,755)	-	(3,133)	(b)
O47	907146416212	Pier Restoration	76,220	-	-	(42,470)	-	33,750	
		Commercial Paper Debt Services	-	502,194	-	(502,194)	-	-	
		Interest income	117,849	-	1,849	-	-	119,698	
		Total Congestion Relief	<u>(3,680,381)</u>	<u>6,325,524</u>	<u>1,849</u>	<u>(6,774,301)</u>	<u>(73,955)</u>	<u>(4,201,264)</u>	
		Maintenance:							
O18	425411212	Misc Traffic Markings	(15,840)	51,500	-	(45,153)	-	(9,493)	(b)
O18	425418212	Neighborhood Traffic Improvement	(245,842)	293,000	-	(30,041)	-	17,117	
O18	425426212	Misc Street Projects	(3,071,498)	3,284,702	-	(782,477)	-	(569,273)	(b)
O18	425442212	Side Walk Repair	(46,570)	46,570	-	-	-	-	(a)
O18	425620212	Street Tree Maintenance	(395,228)	395,228	-	-	-	-	(a)
		Total O18 Projects	<u>(3,774,978)</u>	<u>4,071,000</u>	<u>-</u>	<u>(857,671)</u>	<u>-</u>	<u>(561,649)</u>	
		Interest Income	50,507	-	792	-	-	51,299	
		Total Maintenance	<u>(3,724,471)</u>	<u>4,071,000</u>	<u>792</u>	<u>(857,671)</u>	<u>-</u>	<u>(510,350)</u>	
		Total Local Street Improvements	<u>(7,404,852)</u>	<u>10,407,724</u>	<u>2,641</u>	<u>(7,643,172)</u>	<u>(73,955)</u>	<u>(4,711,614)</u>	
		Bike and Pedestrian:							
O30	902129800212	2-Year Educ/Encour/Awareness	8,708	-	-	-	-	8,708	
		Total Bike and Pedestrian	<u>8,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,708</u>	

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
Smart Growth:									
O42	902145615212	Seagaze Downtown Mobility - City	\$ (15,118)	\$ -	\$ -	\$ -	\$ 15,118	\$ -	(a)(g)
O42	902145616212	Seagaze Downtown Mobility - Cnstrt	(58,837)	-	-	-	58,837	-	(g)
Total Smart Growth			(73,955)	-	-	-	73,955	-	
Senior Mini-Grant:									
O34	817130818212	Senior Transportation Grant	\$ -	\$ 208,100	\$ -	\$ (208,100)	\$ -	\$ -	
Total Senior Mini-Grant			-	208,100	-	(208,100)	-	-	
Total <i>TransNet</i> Extension			(7,470,099)	10,615,824	2,641	(7,851,272)	-	(4,702,906)	
Total <i>TransNet</i> and <i>TransNet</i> Extension			(6,823,233)	10,615,824	2,641	(8,066,440)	-	(4,271,208)	
GASB 31 Market Value Adjustment			(6,916)	-	4,724	-	6,916	4,724	
Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment			\$ (6,830,149)	\$ 10,615,824	\$ 7,365	\$ (8,066,440)	\$ 6,916	\$ (4,266,484)	

Notes:

- (a) Project completed as of 6/30/2019.
- (b) City will request drawdown to remove deficit.
- (c) Project is now complete, remaining funds to be moved to O41 through council resolution in FY20.
- (d) Project is now complete, \$785 to be moved to O42 and \$10,939 to be moved to O41 through council resolution in FY20.
- (e) City requested drawdown of commercial paper in October 2019.
- (f) Funds transferred from MPO ID O39 \$(91,850) and from MPO ID O44 \$(7,966) through council resolution in May 2020.
- (g) Funds received for Congestion Relief transferred to Smart Growth project of the same MPOID to remove the deficit.
- (h) \$785 to be transferred from MPO ID O39 through council resolution in May 2020, project is complete as of 6/30/19.

SCHEDULE B

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<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, 2019</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
O35	N/A	Regional Arterial Management Systems	\$ 78,400	\$ -	\$ (78,400)	\$ -
		Total Congestion Relief - Pass-Through	<u>78,400</u>	<u>-</u>	<u>(78,400)</u>	<u>-</u>
Congestion Relief:						
O17	905120100212	Loma Alta Creek Detention Basins	2,380,780	-	(2,380,487)	293
O17	912145015212	LAC Dentention Basin Mitigation	<u>21,517</u>	<u>-</u>	<u>(21,517)</u>	<u>-</u>
		Total O17 Projects	<u>2,402,297</u>	<u>-</u>	<u>(2,402,004)</u>	<u>293</u>
O24	918142415212	Strand Reconstruction	17,215	-	(17,215)	-
O24	902754200212	Street Restoration	<u>23,914,021</u>	<u>-</u>	<u>(25,255,543)</u>	<u>(1,341,522)</u>
		Total O24 Projects	<u>23,931,236</u>	<u>-</u>	<u>(25,272,758)</u>	<u>(1,341,522)</u>
O25	902111200212	Adp Signal TMC Traffic Mgmt Ctr	2,218,986	-	(2,218,986)	-
O25	902131300212	MssnAve Fiber-Optic Cable Design	902,808	-	(902,808)	-
O25	902146516212	Downtown Fiber-Optic	146,900	-	(151,296)	(4,396)
O25	903141315212	CstHwy/VstWy Upgrade Trffc Sig	<u>131,306</u>	<u>-</u>	<u>(131,306)</u>	<u>-</u>
		Total O25 Projects	<u>3,400,000</u>	<u>-</u>	<u>(3,404,396)</u>	<u>(4,396)</u>
O33	902131200212	Coast Hwy Corridor Study/EIR	1,066,218	-	(1,008,742)	57,476
O33	902137100212	Coast Hwy Vision EIR-SA	<u>416,068</u>	<u>-</u>	<u>(323,068)</u>	<u>93,000</u>
		Total O33 Projects	<u>1,482,286</u>	<u>-</u>	<u>(1,331,810)</u>	<u>150,476</u>
		Subtotal Congestion Relief	<u>31,215,819</u>	<u>-</u>	<u>(32,410,968)</u>	<u>(1,195,149)</u>

SCHEDULE B

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<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, 2019</u>
		Congestion Relief balance carried forward	\$ 31,215,819	\$ -	\$ (32,410,968)	\$ (1,195,149)
O37	902135600212	Bicycle Master Plan/Bike Sfty	283,065	-	(288,846)	(5,781)
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	722,500	-	(750,121)	(27,621)
O38	902134600212	Traffic Sig Safety& Ped Access	118,676	-	(118,676)	-
O38	902135500212	Neighborhood Traffic Sfty Impr	246,629	-	(263,930)	(17,301)
		Total O38 Projects	1,087,805	-	(1,132,727)	(44,922)
O39	902135200212	Clementime Intersection Reconstruction	445,152	-	(364,241)	80,911
O39	917141614212	Coco Palms Flood Imprmnt	540,000	-	(528,276)	11,724
		Total O39 Projects	985,152	-	(892,517)	92,635
O40	902135400212	Mainline R/R Xing Sfty	3,131,000	-	(5,290,160)	(2,159,160)
O41	907118100212	Lot 23 Transit Parking Strctr	2,354,167	-	(3,312,925)	(958,758)
O42	902145615212	Seagaze Downtown Mobility - City	-	-	-	-
O42	902145616212	Seagaze Downtown Mobility - Cnstr	48	-	(833)	(785)
		Total O42 Projects	48	-	(833)	(785)
O44	902143215212	El Camino Real Guardrail	392,034	-	(392,034)	-
O45	902146816212	Mission Ave from Carolyn Cir to Foussat Rd	98,119	-	(174,448)	(76,329)
O45	902147216212	Douglas Dr Median HSIP-City	80,393	-	(83,723)	(3,330)
O45	902149717212	Roundabout Mesa/Barnwell	7,316	-	(7,316)	-
		Total O45 Projects	185,828	-	(265,487)	(79,659)
O46	904146616212	Coastal Rail Trail Oblvd Morse	115,000	-	(118,133)	(3,133)
		Subtotal Congestion Relief	39,749,918	-	(44,104,630)	(4,354,712)

SCHEDULE B

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<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, 2019</u>
		Congestion Relief balance carried forward	\$ 39,749,918	\$ -	\$ (44,104,630)	\$ (4,354,712)
O47	907146416212	Pier Restoration	500,000	-	(466,250)	33,750
		Commercial Paper Debt Services	552,953	-	(552,953)	-
		Interest Income	-	119,698	-	119,698
		Total Congestion Relief	40,802,871	119,698	(45,123,833)	(4,201,264)
		Maintenance:				
O18	425411212	Misc Traffic Markings	374,670	-	(384,163)	(9,493)
O18	425418212	Neighborhood Traffic Improvement	820,190	-	(803,073)	17,117
O18	425426212	Misc Street Projects	7,619,617	-	(8,188,890)	(569,273)
O18	425442212	Side Walk Repair	125,200	-	(125,200)	-
O18	425620212	Street Tree Maintenance	595,228	-	(595,228)	-
		Total O18 Projects	9,534,905	-	(10,096,554)	(561,649)
		Interest Income	-	51,299	-	51,299
		Total Maintenance	9,534,905	51,299	(10,096,554)	(510,350)
		Total Local Street Improvements	50,416,176	170,997	(55,298,787)	(4,711,614)
		Bike and Pedestrian:				
O30	902129800212	2-Year Educ/Encour/Awareness	186,229	-	(177,521)	8,708
		Total Bike and Pedestrian	186,229	-	(177,521)	8,708
		Smart Growth:				
O42	902145615212	Seagaze Downtown Mobility - City	17,076	-	(17,076)	-
O42	902145616212	Seagaze Downtown Mobility - Cnstr	58,837	-	(58,837)	-
		Total Smart Growth	75,913	-	(75,913)	-

SCHEDULE B

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<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, 2019</u>
		Senior Mini-Grant:				
O34	817130816212	Senior Transportation Grant	\$ 795,952	\$ -	\$ (795,952)	\$ -
		Total Senior Mini-Grant	<u>795,952</u>	<u>-</u>	<u>(795,952)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>51,474,270</u>	<u>170,997</u>	<u>(56,348,173)</u>	<u>(4,702,906)</u>
		Completed Projects:				
		LSI - Congestion Relief	2,768,466	-	(2,768,466)	-
		LSI - Maintenance	4,568,018	220	(4,568,238)	-
		Bike and Pedestrian	390,099	-	(390,099)	-
		Smart Growth	355,538	-	(355,538)	-
		Senior Mini-Grant	<u>757,082</u>	<u>13</u>	<u>(757,095)</u>	<u>-</u>
		Total Completed Projects	<u>8,839,203</u>	<u>233</u>	<u>(8,839,436)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 60,313,473</u>	<u>\$ 171,230</u>	<u>\$ (65,187,609)</u>	<u>\$ (4,702,906)</u>

SCHEDULE C

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2019

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2019	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2012	June 30, 2019	O22	\$ 169,688	\$ -	\$ (169,688)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2013	June 30, 2020	O22	402,690	-	(402,690)	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021	O22	251,826	1,690	(253,516)	-	-	-	
For Fiscal Year ended June 30, 2015	June 30, 2022	O22	128,478	911	(129,389)	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	O22	256,521	1,798	(258,319)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	O22	912,159	7,156	(919,315)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	O22	951,228	-	(354,410)	-	(596,818)	596,818	
For Fiscal Year ended June 30, 2019	June 30, 2026	O22	623,484	-	-	-	(623,484)	623,484	
Interest Income			-	3,149	-	-	-	3,149	
Total RTCIP Funds			\$ 3,696,074	\$ 14,704	\$ (2,487,327)	\$ -	\$ (1,220,302)	\$ 1,223,451	\$ 698,280

CITY OF POWAY, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Poway, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$902,196. We selected \$855,853 (94.86%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures identified during FY19.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated during FY19.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no negative balances reported during FY19.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: This procedure is not applicable as there were no negative balances reported during FY19.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which had no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: A signed staff report was approved on February 19, 2019 for the transfer of funds.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as there were no non-*TransNet* activities during FY19.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City was not in compliance with the 30% requirement as follows:

Fiscal year 2019 apportionment	\$1,480,875
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,480,875
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>444,262</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	750,323
Maintenance fund balance	<u>19,059</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>769,382</u>
Fund balance over apportionment	<u>\$325,120</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$750,323	\$428,779	\$1,179,102
Maintenance	<u>19,059</u>	<u>58,725</u>	<u>77,784</u>
Totals	<u>\$769,382</u>	<u>\$487,504</u>	<u>\$1,256,886</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 29.35% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$10,910,198	\$374,274	\$11,284,472
Maintenance	4,765,000	38,704	4,803,704
Interest	<u>25,670</u>	<u>74,526</u>	<u>100,196</u>
 Total local street and road revenue	 <u>\$15,700,868</u>	 <u>\$487,504</u>	 <u>\$16,188,372</u>
 30% of total local street and road revenue			 \$ 4,856,512
Less maintenance expenditures incurred to date			<u>(4,750,585)</u>
 Available maintenance funds			 <u>\$ 105,927</u>
 Cumulative percentage expended for maintenance			 <u>29.35%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$1,227,206
Less MOE base year requirement	<u>(1,088,158)</u>
Excess MOE for the year ended June 30, 2019	<u>\$ 139,048</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: The extraction fees have been committed, but not expended within seven years. The City included a footnote on the status of the project. No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2019.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

- viii. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: No developers were allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation for review on October 29, 2019.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no current year findings and recommendations.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2018, through June 30, 2019.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
POW 29	0411-4320D	Regional Arterial Management Systems	\$ -	\$ 7,300	\$ -	\$ (7,300)	\$ -	\$ -	
		Total Congestion Relief Pass-Through	-	7,300	-	(7,300)	-	-	
Congestion Relief:									
POW 31	0411-4320B	17/18 Annual Reconstruction & Overlay Project	110,988	-	-	(35,160)	(75,828)	-	(a)(b)
POW 38	411040-43202	Annual Reconstruction and Overlay Project	-	670,000	3,410	(426,561)	75,828	322,677	(b)
POW 46	STR0008	Poway Rd Left Turn Improvements	70,660	360,400	4,520	(7,934)	-	427,646	
		Total Congestion Relief	181,648	1,030,400	7,930	(469,655)	-	750,323	
Maintenance:									
POW 30	411040-43203	Street Maintenance Project	-	444,300	-	(425,241)	-	19,059	(c)
		Total Maintenance	-	444,300	-	(425,241)	-	19,059	
		Total Local Street Improvement	181,648	1,482,000	7,930	(902,196)	-	769,382	
		Subtotal <i>TransNet</i> Extension	181,648	1,482,000	7,930	(902,196)	-	769,382	
		GASB 31 Market Value Adjustment	(1,278)	-	2,562	-	-	1,284	
		Total <i>TransNet</i> Extension	\$ 180,370	\$ 1,482,000	\$ 10,492	\$ (902,196)	\$ -	\$ 770,666	

Notes:

- (a) Project complete.
- (b) Consolidated POW 38, 40, 43 and 45 into one project for the annual Arterial Patching and Residential Reconstruction project. Cash from completed project POW 31. Staff Resolution 19-010 for FY2018-2019.
- (c) The expenditures for the City's Maintenance program were substantially made during the first part of the fiscal year. However, due to cash flow constraints, *TransNet* funds were received throughout the fiscal year. This resulted in an average negative cash balance for the fiscal year. Therefore, the fund received no interest allocation.

SCHEDULE B

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
POW 29	0411-4320D	Regional Arterial Management Systems	\$ 51,100	\$ -	\$ (51,100)	\$ -
		Total Congestion Relief Pass-Through	51,100	-	(51,100)	-
Congestion Relief:						
POW 31	0411-4320B	17/18 Annual Reconstruction & Overlay Project	820,000	615	(820,615)	-
POW 38	411040-43202	Annual Reconstruction and Overlay Project	745,828	3,410	(426,561)	322,677
POW 46	STR0008	Poway Rd Left Turn Improvements	431,060	4,520	(7,934)	427,646
		Total Congestion Relief	1,996,888	8,545	(1,255,110)	750,323
Maintenance:						
POW 30	411040-43203	Street Maintenance Project	444,300	-	(425,241)	19,059
		Total Maintenance	444,300	-	(425,241)	19,059
		Subtotal Cumulative <i>TransNet</i> Extension	2,492,288	8,545	(1,731,451)	769,382
Completed Projects:						
Local Street Improvements:						
		Congestion Relief	8,862,210	12,481	(8,874,691)	-
		Maintenance	4,320,700	4,644	(4,325,344)	-
		Total Completed Projects	13,182,910	17,125	(13,200,035)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 15,675,198	\$ 25,670	\$ (14,931,486)	\$ 769,382

SCHEDULE C

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2019

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, 2019	June 30, 2019	June 30, 2018	
For Fiscal Year ended June 30, 2011	June 30, 2018	POW42/POW37	\$ 158,156	\$ 5,917	\$ (26,928)	\$ -	\$ (137,145)	\$ 137,145	\$ 137,145	(a)
For Fiscal Year ended June 30, 2012	June 30, 2019	POW37	6,369	183	-	-	(6,552)	6,552	6,552	(a)
For Fiscal Year ended June 30, 2013	June 30, 2020	POW37	30,310	630	-	-	(30,940)	30,940	30,940	(a)
For Fiscal Year ended June 30, 2014	June 30, 2021	POW37	17,672	286	-	-	(17,958)	17,958	17,958	(a)
For Fiscal Year ended June 30, 2015	June 30, 2022	POW37	20,336	76	-	-	(2,766)	20,412	20,412	
For Fiscal Year ended June 30, 2016	June 30, 2023		25,360	-	-	-	-	25,360	25,360	
For Fiscal Year ended June 30, 2017	June 30, 2024		32,998	-	-	-	-	32,998	32,998	
For Fiscal Year ended June 30, 2018	June 30, 2025		43,275	-	-	-	-	43,275	43,275	
For Fiscal Year ended June 30, 2019	June 30, 2026		17,464	-	-	-	-	17,464	-	
Interest Income			-	17,383	-	-	-	17,383	10,123	
Subtotal RTCIP Funds			351,940	24,475	(26,928)	-	(195,361)	349,487	324,763	
GASB 31 Market Value Adjustment			-	1,131	-	-	-	1,131	(1,651)	
Total RTCIP Funds			\$ 351,940	\$ 25,606	\$ (26,928)	\$ -	\$ (195,361)	\$ 350,618	\$ 323,112	

Notes:

(a) The POW37 project is in preliminary design. The consultant agreement for design of the road widening was executed February 20, 2019. Current efforts are being focused on coordinating with San Diego County Water Authority (Water Authority) to construct these improvements in their easement and avoid conflicts with the existing infrastructure. If the Water Authority agrees to the City's planned improvements, design will continue and tentatively bid for construction in the Summer 2020.

CITY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Diego, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$40,873,762. We selected \$15,620,086 (38.22%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2019. Indirect costs are allocated to RTIP projects at a rate that depends on the department of the employee that charged labor to the project. In total, three City departments charged labor and applied indirect costs to projects in the RTIP. The indirect cost rates charged by the department ranged from 10.0% to 74.0% of direct labor. Total indirect costs included within projects in the RTIP were \$2,950,199, or 7.22% of total *TransNet* expenditures. The City's cost allocation plan has not been reviewed by a federal or state agency, nor has it been audited by an independent certified public accounting firm. City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as there were no non-*TransNet* activity.
- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency’s annual *TransNet* apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2019 apportionment	\$33,387,903
Less: debt service payment	<u>-</u>
Net estimated apportionment	33,387,903
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>10,016,371</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	572,963
Maintenance fund balance	<u>68,281</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>641,244</u>
Fund balance under apportionment	<u>\$9,375,127</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$572,963	\$25,218,823	\$25,791,786
Maintenance	<u>68,281</u>	<u>2,526,627</u>	<u>2,594,908</u>
Totals	<u>\$ 641,244</u>	<u>\$27,745,450</u>	<u>\$28,386,694</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency’s plan to cure the excess.

Results: The City has expended 29.05% 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	\$215,579,624	\$22,204,059	\$237,783,683
Maintenance	99,795,585	1,043,954	100,839,539
Interest	<u>60,069</u>	<u>4,497,437</u>	<u>4,557,506</u>
Total local street and road revenue	<u>\$315,435,278</u>	<u>\$27,745,450</u>	<u>\$343,180,728</u>
30% of total local street and road revenue			\$102,954,218
Less maintenance expenditures incurred to date			<u>(99,709,303)</u>
Available maintenance funds			<u>\$ 3,244,915</u>
Cumulative percentage expended for maintenance			<u>29.05%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Transit Bus Subsidies</u>	<u>Total</u>
Current year local discretionary expenditures	\$46,120,136	\$167,817	\$905,588	\$47,193,541
Less MOE base year requirement	<u>(22,679,581)</u>	<u>(167,817)</u>	<u>(903,424)</u>	<u>(23,750,822)</u>
Excess MOE for the year ended June 30, 2019	<u>\$23,440,555</u>	<u>\$ -</u>	<u>\$ 2,164</u>	<u>\$23,442,719</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$7,763,001. We selected \$2,889,356 (37.22%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures for fiscal year ending June 30, 2019.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- viii. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: The City spent \$106,012 or 1.94% of program revenue for fund administration services for the year ended June 30, 2019. No exceptions were noted as a result of our procedures.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: The City allowed a developer credit of \$148,096 for purposes of complying with the RTCIP exaction fees. No exceptions were noted as a result of our procedures.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 19, 2019.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: No exceptions were noted as a result of our procedures.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"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 San Diego, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet:									
Local Streets and Roads:									
SD15	AIH.00001	Street Light Installation	\$ 190	\$ -	\$ -	\$ (191)	\$ 1	\$ -	(a)
SD17	AIE.00002	Guard Rails - AA	15,964	-	-	(70)	(15,894)	-	(a)(b)
SD18	AIL.00001	Signal Installation - AA	28,691	-	-	(30,826)	2,135	-	(a)
SD19	S00864	Streamview Drive	471	-	-	(471)	-	-	
SD34	S00856	El Camino Real Road and Bridge Widening	26,386	-	-	(12,107)	(14,279)	-	(a)
SD51	S-00935	North Torrey Pines Road Bridge	90,240	-	-	(44,646)	(45,594)	-	(a)
SD96	AID.00005	Resurfacing City Streets	2,506	-	-	(76,136)	73,630	-	(a)
SD164	S00880	Miramar Road	3,216	-	-	(3,216)	-	-	
SD175	S00609	Talbot Street Slope restoration	91,219	-	-	(91,220)	1	-	(a)(b)
SD226	S00870	Old Otay Road Westerly	1,776	-	-	(1,776)	-	-	
Subtotal Local Streets and Roads			260,659	-	-	(260,659)	-	-	
Interest income			-	-	-	-	-	-	
Total Local Streets and Roads			260,659	-	-	(260,659)	-	-	
GASB 31 Market Value Adjustment			-	-	-	-	-	-	
Total Local Streets and Roads after GASB 31 Adjustment			260,659	-	-	(260,659)	-	-	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
		Local Streets and Roads balance carried forward	\$ 260,659	\$ -	\$ -	\$ (260,659)	\$ -	\$ -	
		Bikes and Pedestrian:							
SD108	S00944	Bayshore Bikeway Feasibility Study (Non CIP)	32,196	-	344	(32,540)	-	-	(b)
SD120	S00958	San Diego River Multi-Use	4,514	-	345	-	(4,859)	-	(b)(c)
SD122	S00955	State Route 56 Bike Path	3,607	-	276	-	(3,883)	-	(b)(c)
SD141	S00943	Poway Road Bike Path	81,574	-	845	(82,419)	-	-	(b)
V02	S00951	Coastal Rail Trail	129,078	-	1,379	(130,457)	-	-	
		Subtotal Bikes and Pedestrian	<u>250,969</u>	<u>-</u>	<u>3,189</u>	<u>(245,416)</u>	<u>(8,742)</u>	<u>-</u>	
		Interest Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total Bikes and Pedestrian	250,969	-	3,189	(245,416)	(8,742)	-	
		GASB 31 Market Value Adjustment	<u>(1,643)</u>	<u>-</u>	<u>1,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total Bikes and Pedestrian after GASB 31 Adjustment	<u>\$ 249,326</u>	<u>\$ -</u>	<u>\$ 4,832</u>	<u>\$ (245,416)</u>	<u>\$ (8,742)</u>	<u>\$ -</u>	
		Total <i>TransNet</i>	\$ 511,628	\$ -	\$ 3,189	\$ (506,075)	\$ (8,742)	\$ -	
		Total GASB 31 Market Value Adjustment	<u>(1,643)</u>	<u>-</u>	<u>1,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total <i>TransNet</i> after GASB 31 Adjustment	<u>\$ 509,985</u>	<u>\$ -</u>	<u>\$ 4,832</u>	<u>\$ (506,075)</u>	<u>\$ (8,742)</u>	<u>\$ -</u>	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:									
Major Corridor:									
SD108	S-00944	Bayshore Bikeway	\$ 270,230	\$ -	\$ 3,317	\$ (41,587)	\$ (231,960)	\$ -	(b)(c)
		Total Major Corridor	270,230	-	3,317	(41,587)	(231,960)	-	
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SD16A	13001747	Regional Arterial Management Systems	-	67,600	-	(67,600)	-	-	
		Total Congestion Relief - Pass-Through	-	67,600	-	(67,600)	-	-	
Congestion Relief:									
SD09	AIK.00001	New Walkways (ARRA)	40,920	-	-	(30,394)	(10,526)	-	(d)
SD09	AIK.00001	New Walkways	185,591	1,229,273	-	(1,146,186)	10,526	279,204	(d)
		Total SD09 Projects	226,511	1,229,273	-	(1,176,580)	-	279,204	
SD15	AIH.00001	Street Lights - Smart Growth Areas	220,000	50,532	-	(671,372)	-	(400,840)	(e)
SD16A	AIL.00002	Traffic Signal Interconnect Projects	20,510	188,015	-	(202,187)	-	6,338	
SD16A	AIL.00004	Traffic Signals - Citywide	170,863	1,006,078	-	(927,832)	-	249,109	
SD16A	AIL.00005	Traffic Signals - Modifications/Modernizator	57,881	1,553,431	-	(800,379)	16,039	826,972	(d)
SD16A	AIL.00005	Traffic Signals - Modifications/ Modernization (ARRA)	16,039	-	-	-	(16,039)	-	(d)
		Total SD16A Projects	265,293	2,747,524	-	(1,930,398)	-	1,082,419	
SD18	AIL.00001	Traffic Control/Calming Measures - Smart Growth Areas	76,065	295,543	-	(352,022)	-	19,586	
		Subtotal Congestion Relief	787,869	4,322,872	-	(4,130,372)	-	980,369	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
		Congestion Relief balance carried forward	<u>\$ 787,869</u>	<u>\$ 4,322,872</u>	<u>\$ -</u>	<u>\$ (4,130,372)</u>	<u>\$ -</u>	<u>\$ 980,369</u>	
SD23	ACA.00001	Drainage Projects	(61,531)	-	-	(382,767)	262,799	(181,499)	(a)(d)(f)
SD23	ACA.00001	Drainage Projects (ARRA)	<u>67,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,717)</u>	<u>-</u>	(d)
		Total SD23 Projects	<u>6,186</u>	<u>-</u>	<u>-</u>	<u>(382,767)</u>	<u>195,082</u>	<u>(181,499)</u>	
SD34	S00856	El Camino Real Road and Bridge Widening	<u>146,872</u>	<u>-</u>	<u>-</u>	<u>(99,886)</u>	<u>-</u>	<u>46,986</u>	
SD38	S00863	Georgia St Bridge & University Ave	<u>(58,441)</u>	<u>308,207</u>	<u>-</u>	<u>(154,986)</u>	<u>-</u>	<u>94,780</u>	
SD49	AIG.00001	Median Installation	<u>26,500</u>	<u>339,896</u>	<u>-</u>	<u>(271,922)</u>	<u>-</u>	<u>94,474</u>	
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	<u>57,661</u>	<u>35,941</u>	<u>-</u>	<u>(22,771)</u>	<u>-</u>	<u>70,831</u>	
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	<u>155</u>	<u>-</u>	<u>-</u>	<u>(1,106,177)</u>	<u>1,660</u>	<u>(1,104,362)</u>	(a)(f)
SD83	S00851	State Route 163 and Friars Road, Phase I	<u>(3,827,086)</u>	<u>7,149,000</u>	<u>-</u>	<u>(3,305,882)</u>	<u>-</u>	<u>16,032</u>	
SD86	S00605	Famosa Slough Salt Marsh Restoration	<u>16,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,691)</u>	<u>-</u>	(a)(b)
SD90	S00905	Clairemont Mesa/SR163	<u>35,334</u>	<u>-</u>	<u>-</u>	<u>(16,035)</u>	<u>-</u>	<u>19,299</u>	
		Subtotal Congestion Relief	<u>(2,808,259)</u>	<u>12,155,916</u>	<u>-</u>	<u>(9,490,798)</u>	<u>180,051</u>	<u>36,910</u>	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2019

MPOP ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
		Congestion Relief balance carried forward	<u>\$ (2,808,259)</u>	<u>\$ 12,155,916</u>	<u>\$ -</u>	<u>\$ (9,490,798)</u>	<u>\$ 180,051</u>	<u>\$ 36,910</u>	
SD92	S00699 & S00700	Azalea Park Rdway Improvements and Neighborhood ID	<u>16,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,272)</u>	<u>-</u>	(a)(b)
SD96	AID.00005	Resurfacing of City Streets	<u>927,008</u>	<u>7,758,756</u>	<u>-</u>	<u>(8,497,696)</u>	<u>52,932</u>	<u>241,000</u>	(d)
SD96	AID.00005	Resurfacing of City Streets (ARRA)	<u>52,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,932)</u>	<u>-</u>	(d)
		Total SD96 Projects	<u>979,940</u>	<u>7,758,756</u>	<u>-</u>	<u>(8,497,696)</u>	<u>-</u>	<u>241,000</u>	
SD97	AIK.00002	School Traffic Safety Improvements	<u>9,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,184)</u>	<u>-</u>	(a)(b)
SD99	AIE.00001	Bridge Rehabilitation	<u>(181,746)</u>	<u>1,588,138</u>	<u>-</u>	<u>(1,005,541)</u>	<u>-</u>	<u>400,851</u>	
SD102A	S11060	Otay Mesa Truck Route Phase 4	<u>346,720</u>	<u>365,725</u>	<u>-</u>	<u>(509,410)</u>	<u>-</u>	<u>203,035</u>	
SD108	S00944	Bayshore Bikeway	<u>16,272</u>	<u>-</u>	<u>-</u>	<u>89,292</u>	<u>(105,564)</u>	<u>-</u>	(a)(b)(g)
SD129	S00915	University Avenue Mobility Project	<u>58,736</u>	<u>24,485</u>	<u>-</u>	<u>(109,007)</u>	<u>25,786</u>	<u>-</u>	(a)
SD137	S00913	Palm Avenue Roadway Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,106)</u>	<u>57,106</u>	<u>-</u>	(a)
SD141	S00939	Poway Road Bike Path	<u>2,212</u>	<u>-</u>	<u>-</u>	<u>79,921</u>	<u>(82,133)</u>	<u>-</u>	(a)(b)(g)
SD153	S00985	25th Street Renaissance Project	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,561)</u>	<u>13,561</u>	<u>-</u>	(a)
SD154	S00928	La Jolla Mesa Drive Sidewalk	<u>77,913</u>	<u>-</u>	<u>-</u>	<u>(9,841)</u>	<u>(68,072)</u>	<u>-</u>	(a)(b)
		Subtotal Congestion Relief	<u>(1,482,756)</u>	<u>21,893,020</u>	<u>-</u>	<u>(19,523,747)</u>	<u>(4,721)</u>	<u>881,796</u>	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
		Congestion Relief balance carried forward	<u>\$ (1,482,756)</u>	<u>\$ 21,893,020</u>	<u>\$ -</u>	<u>\$ (19,523,747)</u>	<u>\$ (4,721)</u>	<u>\$ 881,796</u>	
SD157	S00921	Cherokee Street Improvements	<u>17,977</u>	<u>-</u>	<u>-</u>	<u>(11,992)</u>	<u>-</u>	<u>5,985</u>	
SD162	S00673	Home Avenue Street Improvements	<u>109,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,309)</u>	<u>-</u>	(a)(b)
SD166	AIA.00001	Minor Bicycle Facilities	<u>185,630</u>	<u>-</u>	<u>-</u>	<u>(47,993)</u>	<u>-</u>	<u>137,637</u>	
SD175	S-00609	Talbot Street Slope Reconstruction	<u>73,960</u>	<u>-</u>	<u>-</u>	<u>57,573</u>	<u>(131,533)</u>	<u>-</u>	(a)(b)(g)
SD179	S-00907	Linda Vista Road and Genesee Avenue	<u>88</u>	<u>-</u>	<u>-</u>	<u>4,078</u>	<u>-</u>	<u>4,166</u>	(h)
SD186	21002143	Administrative Expenses - Comptrollers	<u>(3,009)</u>	<u>98,844</u>	<u>-</u>	<u>(99,023)</u>	<u>-</u>	<u>(3,188)</u>	(e)
SD186	21002273	Administrative Expenses - Engineering	<u>(9,714)</u>	<u>175,486</u>	<u>-</u>	<u>(169,551)</u>	<u>-</u>	<u>(3,779)</u>	(e)
		Total SD186 Projects	<u>(12,723)</u>	<u>274,330</u>	<u>-</u>	<u>(268,574)</u>	<u>-</u>	<u>(6,967)</u>	
SD188	various	Congestion Relief /Traffic Signal Operatio	<u>2,442</u>	<u>3,283,730</u>	<u>-</u>	<u>(3,283,730)</u>	<u>-</u>	<u>2,442</u>	
SD200	S14009	SR56 / Euclid Avenue Interchange Impro	<u>90,300</u>	<u>1,926,993</u>	<u>-</u>	<u>(2,173,120)</u>	<u>-</u>	<u>(155,827)</u>	(e)
SD208	S00602	Juan Street - Concrete Street	<u>114,468</u>	<u>-</u>	<u>-</u>	<u>(33,821)</u>	<u>-</u>	<u>80,647</u>	
SD209	S00877	Torrey Pines Road Slope Reconstruction	<u>54,763</u>	<u>-</u>	<u>-</u>	<u>(515,666)</u>	<u>160,903</u>	<u>(300,000)</u>	(a)(f)
SD210	S00988	Five Points Neighborhood Pedestrian Imp	<u>19,001</u>	<u>-</u>	<u>-</u>	<u>(60,160)</u>	<u>41,159</u>	<u>-</u>	(a)
		Subtotal Congestion Relief	<u>(827,541)</u>	<u>27,378,073</u>	<u>-</u>	<u>(25,857,152)</u>	<u>(43,501)</u>	<u>649,879</u>	

(Continued)

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
		Congestion Relief balance carried forward	<u>\$ (827,541)</u>	<u>\$ 27,378,073</u>	<u>\$ -</u>	<u>\$ (25,857,152)</u>	<u>\$ (43,501)</u>	<u>\$ 649,879</u>	
SD226	S00870	Old Otay Road Westerly	259,710	1,971,380	-	(2,162,412)	(55,470)	13,208	(d)
SD226	S00870	Old Otay Road Westerly (ARRA)	21,168	60,069	-	(136,707)	55,470	-	(d)
		Total SD226 Projects	<u>280,878</u>	<u>2,031,449</u>	<u>-</u>	<u>(2,299,119)</u>	<u>-</u>	<u>13,208</u>	
SD235	S15023	Torrey Pine Road Improvement Phase 2	<u>108,305</u>	<u>215,989</u>	<u>-</u>	<u>(512,113)</u>	<u>83,668</u>	<u>(104,151)</u>	(a)(f)
SD237	S00951	Coastal Rail Trail	<u>170,657</u>	<u>163,131</u>	<u>-</u>	<u>(230,537)</u>	<u>-</u>	<u>103,251</u>	
SD245	S16061	Market St-47th St to Euclid Complete St	<u>(570)</u>	<u>112,003</u>	<u>-</u>	<u>(296,599)</u>	<u>-</u>	<u>(185,166)</u>	(e)
SD248	S13018	Avenida de la Playa Infrastructure - SD	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>(117,907)</u>	<u>-</u>	<u>82,093</u>	
SD249	S18000	Steamview Drive Phase 2	<u>19,665</u>	<u>57,000</u>	<u>-</u>	<u>(76,074)</u>	<u>-</u>	<u>591</u>	
SD252	S18001	University Ave Complete Street Phase 1	<u>(116,369)</u>	<u>230,060</u>	<u>-</u>	<u>(104,413)</u>	<u>-</u>	<u>9,278</u>	
		Interest income - Congestion Relief 70%	<u>-</u>	<u>-</u>	<u>44,147</u>	<u>-</u>	<u>(40,167)</u>	<u>3,980</u>	(a)
		Total Congestion Relief	<u>(164,975)</u>	<u>30,255,305</u>	<u>44,147</u>	<u>(29,561,514)</u>	<u>-</u>	<u>572,963</u>	
		Maintenance:							
SD176	13000768	Maintenance	<u>49,361</u>	<u>9,916,236</u>	<u>-</u>	<u>(9,916,236)</u>	<u>-</u>	<u>49,361</u>	
		Interest income - Maintenance 30%	<u>-</u>	<u>-</u>	<u>18,920</u>	<u>-</u>	<u>-</u>	<u>18,920</u>	
		Total Maintenance	<u>49,361</u>	<u>9,916,236</u>	<u>18,920</u>	<u>(9,916,236)</u>	<u>-</u>	<u>68,281</u>	
		Total Local Street Improvements	<u>(115,614)</u>	<u>40,171,541</u>	<u>63,067</u>	<u>(39,477,750)</u>	<u>-</u>	<u>641,244</u>	

(Continued)

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
Active Transportation:									
SD259	1000530-2018	Move Free SD Education, Encouragement, and Awareness Campaign	-	-	-	(2,602)	-	(2,602)	(i)
Total Active Transportation			-	-	-	(2,602)	-	(2,602)	
Smart Growth:									
SD227	1000401-2013	Morena Blvd Stn Study Ph 2	(119,677)	79,677	-	-	-	(40,000)	(i)
SD238	1000453-2015	San Ysidro Port of Entry District	(6,785)	288,935	-	(282,150)	-	-	(j)
SD240	5004721	6th Ave Bridge Promenade Feasibility and Conceptual Design	(4,786)	4,786	-	-	-	-	(j)
SD241	1000451-2015	Pacific Beach Green Park & Transit	(11,264)	78,186	-	(301,426)	-	(234,504)	(i)
SD243	5004750	14th St Pedestrian Promenade Demonstration Block	(16,592)	9,608	-	(22,028)	-	(29,012)	(i)
SD253	1000529-2018	Clairemont TOD Design Concepts	-	-	-	(65,459)	-	(65,459)	(i)
SD254	1000527-2018	College Area Smart Growth Study	-	-	-	(95)	-	(95)	(i)
SD256	1000525-2018	Mira Mesa Transit Oriented Development Concept Plan	-	-	-	(67,025)	-	(67,025)	(i)
SD257	1000528-2018	University Community Smart Growth Concept Study	-	-	-	(19,713)	-	(19,713)	(i)
SD260	1000493-2018	Downtown Mobility Cycle Way Improvement Phase I & II	-	-	-	(61,082)	-	(61,082)	(i)
SD262	5005486	East Village Green Park Phase 1	-	-	-	(1,459)	-	(1,459)	(i)
Total Smart Growth			(159,104)	461,192	-	(820,437)	-	(518,349)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
Environmental Mitigation:									
VO8	1000123-2017	Bernardo Bay Cactus Wren	\$ (14,460)	\$ 14,460	\$ -	\$ -	\$ -	\$ -	(j)
VO8	1000476-2017	Vernal Pool Restoration	(5,172)	5,172	-	-	-	-	(j)
VO8	1000536-2018	EMP Florida Canyon Habitat	-	-	-	(25,311)	-	(25,311)	(i)
Total Environmental Mitigation			<u>(19,632)</u>	<u>19,632</u>	<u>-</u>	<u>(25,311)</u>	<u>-</u>	<u>(25,311)</u>	
Total <i>TransNet</i> Extension			\$ (24,120)	\$ 40,652,365	\$ 66,384	\$ (40,367,687)	\$ (231,960)	\$ 94,982	
GASB 31 Market Value Adjustment			<u>(30,180)</u>	<u>-</u>	<u>47,999</u>	<u>-</u>	<u>-</u>	<u>17,819</u>	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			<u>\$ (54,300)</u>	<u>\$ 40,652,365</u>	<u>\$ 114,383</u>	<u>\$ (40,367,687)</u>	<u>\$ (231,960)</u>	<u>\$ 112,801</u>	
Total <i>TransNet</i> and <i>TransNet</i> Extension			\$ 487,508	\$ 40,652,365	\$ 69,573	\$ (40,873,762)	\$ (240,702)	\$ 94,982	
GASB 31 Market Value Adjustment			<u>(31,823)</u>	<u>-</u>	<u>49,642</u>	<u>-</u>	<u>-</u>	<u>17,819</u>	
Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment			<u>\$ 455,685</u>	<u>\$ 40,652,365</u>	<u>\$ 119,215</u>	<u>\$ (40,873,762)</u>	<u>\$ (240,702)</u>	<u>\$ 112,801</u>	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
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Notes:

- (a) City Council approval obtained for the transfer of funds per Resolution R-312846 on February 20, 2020.
- (b) Project is complete.
- (c) Unbudgeted interest returned to SANDAG in FY19.
- (d) Reallocation of revenue within the same MPO ID number.
- (e) FY20 draws will provide coverage for MPO ID projects with negative balances as of June 30, 2019.
- (f) FY20 draws will provide *partial* coverage for MPO ID projects with negative balances as of June 30, 2019.
- (g) Prior year expenditures reclassified to grants or to another TransNet sources.
- (h) Refund of prior year expenditures.
- (i) Negative grant balances as of June 30, 2019 covered with Grant Reimbursements in FY20 or withheld retention to be released when the project is completed.
- (j) Grant completed.

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Major Corridor:						
SD108	S-00944	Bayshore Bikeway	\$ 3,774,000	\$ 35,001	\$ (3,809,001)	\$ -
		Total Major Corridor	<u>3,774,000</u>	<u>35,001</u>	<u>(3,809,001)</u>	<u>-</u>
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SD16A	13001747	Regional Arterial Management Systems	<u>473,200</u>	<u>-</u>	<u>(473,200)</u>	<u>-</u>
		Total Congestion Relief - Pass-Through	<u>473,200</u>	<u>-</u>	<u>(473,200)</u>	<u>-</u>
Congestion Relief:						
SD09	AIK.00001	New Walkways (ARRA)	1,885,685	(8,383)	(1,877,302)	-
SD09	AIK.00001	New Walkways	<u>7,248,614</u>	<u>-</u>	<u>(6,969,410)</u>	<u>279,204</u>
		Total SD09 Projects	<u>9,134,299</u>	<u>(8,383)</u>	<u>(8,846,712)</u>	<u>279,204</u>
SD15	AIH.00001	Street Lights - Smart Growth Areas	<u>1,276,826</u>	<u>(4,702)</u>	<u>(1,672,964)</u>	<u>(400,840)</u>
SD16A	AIL.00002	Traffic Signal Interconnect Projects	1,555,291	(1,572)	(1,547,381)	6,338
SD16A	AIL.00004	Traffic Signals - Citywide	4,012,984	(4,826)	(3,759,049)	249,109
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	6,361,788	(3,471)	(5,531,345)	826,972
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization (ARRA)	<u>36,100</u>	<u>-</u>	<u>(36,100)</u>	<u>-</u>
		Total SD16A Projects	<u>11,966,163</u>	<u>(9,869)</u>	<u>(10,873,875)</u>	<u>1,082,419</u>
SD18	AIL.00001	Traffic Control/Calming Measures - Smart Growth Areas	<u>3,739,282</u>	<u>(2,224)</u>	<u>(3,717,472)</u>	<u>19,586</u>
		Subtotal Congestion Relief	<u>26,116,570</u>	<u>(25,178)</u>	<u>(25,111,023)</u>	<u>980,369</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Congestion Relief balance carried forward	\$ 26,116,570	\$ (25,178)	\$ (25,111,023)	\$ 980,369
SD19	S00864	Streamview Drive	3,247,863	(2,862)	(3,245,001)	-
SD19	S00864	Streamview Drive (ARRA)	186,265	-	(186,265)	-
		Total SD19 Projects	3,434,128	(2,862)	(3,431,266)	-
SD23	ACA.00001	Drainage Projects	6,114,077	(1,690)	(6,293,886)	(181,499)
SD23	ACA.00001	Drainage Projects (ARRA)	1,260,000	-	(1,260,000)	-
		Total SD16A Projects	7,374,077	(1,690)	(7,553,886)	(181,499)
SD29	S00845	43rd Street Widening	2,574,998	-	(2,574,998)	-
SD34	S00856	El Camino Real Road and Bridge Widening	721,333	2,965	(677,312)	46,986
SD38	S00863	Georgia St Bridge & University Ave	2,370,863	916	(2,276,999)	94,780
SD49	AIG.00001	Median Installation	2,153,077	(4,375)	(2,054,228)	94,474
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	791,490	1,817	(722,476)	70,831
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	1,090,967	(1,394)	(2,193,935)	(1,104,362)
SD83	S00851	State Route 163 and Friars Road, Phase I	29,384,697	(27,402)	(29,341,263)	16,032
SD86	S00605	Famosa Slough Salt Marsh Restoration	100,279	483	(100,762)	-
		Subtotal Congestion Relief	76,112,479	(56,720)	(76,038,148)	17,611

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Congestion Relief balance carried forward	<u>\$ 76,112,479</u>	<u>\$ (56,720)</u>	<u>\$ (76,038,148)</u>	<u>\$ 17,611</u>
SD90	S00905	Clairemont Mesa/SR163	<u>8,323,823</u>	<u>(10,234)</u>	<u>(8,294,290)</u>	<u>19,299</u>
SD92	S00699 & S00700	Azalea Park Rdway Improvements and Neighborhood ID	<u>133,728</u>	<u>317</u>	<u>(134,045)</u>	<u>-</u>
SD96	AID.00005	Resurfacing of City Streets	<u>21,676,494</u>	<u>-</u>	<u>(21,435,494)</u>	<u>241,000</u>
SD96	AID.00005	Resurfacing of City Streets (ARRA)	<u>49,144</u>	<u>-</u>	<u>(49,144)</u>	<u>-</u>
		Total SD96 Projects	<u>21,725,638</u>	<u>-</u>	<u>(21,484,638)</u>	<u>241,000</u>
SD97	AIK.00002	School Traffic Safety Improvements	<u>973,131</u>	<u>(4,126)</u>	<u>(969,005)</u>	<u>-</u>
SD99	AIE.00001	Bridge Rehabilitation	<u>2,553,787</u>	<u>(492)</u>	<u>(2,152,444)</u>	<u>400,851</u>
SD102A	S11060	Otay Mesa Truck Route Phase 4	<u>1,648,960</u>	<u>-</u>	<u>(1,445,925)</u>	<u>203,035</u>
SD106	S00839	Mission Beach Boardwalk Bulkhead	<u>487,762</u>	<u>-</u>	<u>(487,762)</u>	<u>-</u>
SD108	S00944	Bayshore Bikeway	<u>89,842</u>	<u>-</u>	<u>(89,842)</u>	<u>-</u>
SD108	S00944	Bayshore Bikeway (ARRA)	<u>145,649</u>	<u>-</u>	<u>(145,649)</u>	<u>-</u>
		Total SD108 Projects	<u>235,491</u>	<u>-</u>	<u>(235,491)</u>	<u>-</u>
SD113	S00914	Sorrento valley Rd & I-5 Interchange	<u>463,068</u>	<u>-</u>	<u>(463,068)</u>	<u>-</u>
SD129	S00915	University Avenue Mobility Project	<u>1,550,585</u>	<u>(1,380)</u>	<u>(1,549,205)</u>	<u>-</u>
SD129	S00915	University Avenue Mobility Project (ARRA)	<u>180,000</u>	<u>-</u>	<u>(180,000)</u>	<u>-</u>
		Total SD129 Projects	<u>1,730,585</u>	<u>(1,380)</u>	<u>(1,729,205)</u>	<u>-</u>
		Subtotal Congestion Relief	<u>114,388,452</u>	<u>(72,635)</u>	<u>(113,434,021)</u>	<u>881,796</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Congestion Relief balance carried forward	<u>\$ 114,388,452</u>	<u>\$ (72,635)</u>	<u>\$ (113,434,021)</u>	<u>\$ 881,796</u>
SD137	S00913	Palm Avenue Roadway Improvements	<u>4,340,670</u>	<u>(1,627)</u>	<u>(4,339,043)</u>	<u>-</u>
SD141	S00939	Poway Road Bike Path	<u>897,867</u>	<u>-</u>	<u>(897,867)</u>	<u>-</u>
SD153	S00985	25th Street Renaissance Project	<u>2,356,537</u>	<u>(1,201)</u>	<u>(2,355,336)</u>	<u>-</u>
SD154	S00928	Home Avenue Street Improvements	<u>321,928</u>	<u>-</u>	<u>(321,928)</u>	<u>-</u>
SD157	S00921	Cherokee Street Improvements	<u>1,900,005</u>	<u>(321)</u>	<u>(1,893,699)</u>	<u>5,985</u>
SD162	S00673	Home Avenue Street Improvements	<u>541,351</u>	<u>-</u>	<u>(541,351)</u>	<u>-</u>
SD166	AIA.00001	Minor Bicycle Facilities	<u>1,528,141</u>	<u>(171)</u>	<u>(1,390,333)</u>	<u>137,637</u>
SD166	S00981	El Camino Real Road / SR-56 Bike Path Connector	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
SD166	S00955	Minor Bicycle Facilities	<u>6,256</u>	<u>-</u>	<u>(6,256)</u>	<u>-</u>
		Total SD166 Projects	<u>1,544,397</u>	<u>(171)</u>	<u>(1,406,589)</u>	<u>137,637</u>
SD175	S-00609	Talbot Street Slope Reconstruction	<u>1,024,467</u>	<u>579</u>	<u>(1,025,046)</u>	<u>-</u>
SD179	S-00907	Linda Vista Road and Genesee Avenue	<u>917,884</u>	<u>(483)</u>	<u>(913,235)</u>	<u>4,166</u>
SD186	21002143	Administrative Expenses - Comptrollers	<u>904,166</u>	<u>2,320</u>	<u>(909,674)</u>	<u>(3,188)</u>
SD186	21002273	Administrative Expenses - Engineering	<u>1,852,873</u>	<u>431</u>	<u>(1,857,083)</u>	<u>(3,779)</u>
		Total SD186 Projects	<u>2,757,039</u>	<u>2,751</u>	<u>(2,766,757)</u>	<u>(6,967)</u>
		Subtotal Congestion Relief	<u>130,990,597</u>	<u>(73,108)</u>	<u>(129,894,872)</u>	<u>1,022,617</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Congestion Relief balance carried forward	<u>\$ 130,990,597</u>	<u>\$ (73,108)</u>	<u>\$ (129,894,872)</u>	<u>\$ 1,022,617</u>
SD188	various	Congestion Relief /Traffic Signal Operations	<u>22,301,416</u>	<u>39,944</u>	<u>(22,338,918)</u>	<u>2,442</u>
SD200	S14009	SR56 / Euclid Avenue Interchange Improv	<u>2,639,826</u>	<u>-</u>	<u>(2,795,653)</u>	<u>(155,827)</u>
SD208	S00602	Juan Street - Concrete Street	<u>2,133,137</u>	<u>-</u>	<u>(2,052,490)</u>	<u>80,647</u>
SD209	S00877	Torrey Pines Road Slope Reconstruction	<u>854,985</u>	<u>-</u>	<u>(1,154,985)</u>	<u>(300,000)</u>
SD210	S00988	Five Points Neighborhood Pedestrian Impr	<u>763,723</u>	<u>-</u>	<u>(763,723)</u>	<u>-</u>
SD226	S00870	Old Otay Mesa Road - Westerly	<u>8,858,112</u>	<u>-</u>	<u>(8,844,904)</u>	<u>13,208</u>
SD226	S00870	Old Otay Mesa Road - Westerly (ARRA)	<u>750,000</u>	<u>-</u>	<u>(750,000)</u>	<u>-</u>
		Total SD226 Projects	<u>9,608,112</u>	<u>-</u>	<u>(9,594,904)</u>	<u>13,208</u>
SD235	S15023	Torrey Pine Road Improvement Phase 2	<u>1,374,516</u>	<u>-</u>	<u>(1,478,667)</u>	<u>(104,151)</u>
SD237	S00951	Coastal Rail Trail	<u>1,030,777</u>	<u>-</u>	<u>(927,526)</u>	<u>103,251</u>
SD245	S16061	Market St-47th St to Euclid Complete St	<u>112,003</u>	<u>-</u>	<u>(297,169)</u>	<u>(185,166)</u>
SD248	S13018	Avenida de la Playa Infrastructure - SD	<u>5,619,022</u>	<u>-</u>	<u>(5,536,929)</u>	<u>82,093</u>
SD249	S18000	Steamview Drive Phase 2	<u>150,085</u>	<u>-</u>	<u>(149,494)</u>	<u>591</u>
SD252	S18001	University Ave Complete Street Phase 1	<u>230,060</u>	<u>-</u>	<u>(220,782)</u>	<u>9,278</u>
		Total Congestion Relief	<u>177,738,029</u>	<u>41,046</u>	<u>(177,206,112)</u>	<u>572,963</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
Maintenance:						
SD176	13000768	Maintenance	\$ 93,745,185	\$ (18,001)	\$ (93,658,903)	\$ 68,281
		Total Maintenance	93,745,185	(18,001)	(93,658,903)	68,281
		Total Local Street Improvements	271,956,414	23,045	(271,338,215)	641,244
Active Transportation:						
SD259	1000530-2018	Move Free SD Education, Encouragement, and Awareness Campaign	-	-	(2,602)	(2,602)
		Total Active Transportation	-	-	(2,602)	(2,602)
Smart Growth:						
SD227	1000401-2013	Morena Blvd Stn Study Ph 2	360,001	-	(400,001)	(40,000)
SD238	100453-2015	San Ysidro Port of Entry District	350,000	-	(350,000)	-
SD240	5004721	6th Ave Bridge Promenade Feasibility and Conceptual Design	37,332	-	(37,332)	-
SD241	1000451-2015	Pacific Beach Green Park & Transit	165,477	-	(399,981)	(234,504)
SD243	5004750	14th St Pedestrian Promenade Demonstration Block	140,842	-	(169,854)	(29,012)
SD253	1000529-2018	Clairemont TOD Design Concepts	-	-	(65,459)	(65,459)
SD254	1000527-2018	College Area Smart Growth Study	-	-	(95)	(95)
SD256	5005471	Mira Mesa Transit Oriented Development Concept Plan	-	-	(67,025)	(67,025)
SD257	1000528-2018	University Community Smart Growth Concept Study	-	-	(19,713)	(19,713)
SD260	1000493-2018	Downtown Mobility Cycle Way Improvement Phase I & II	-	-	(61,082)	(61,082)
SD262	5005486	East Village Green Park Phase 1	-	-	(1,459)	(1,459)
		Total Smart Growth	1,053,652	-	(1,572,001)	(518,349)

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		Environmental Mitigation:				
V08	1000123-2017	Bernardo Bay Cactus Wren	\$ 40,823	\$ -	\$ (40,823)	\$ -
V08	1000476-2017	Vernal Pool Restoration	49,997	-	(49,997)	-
V08	1000536-2018	EMP Florida Canyon Habitat	-	-	(25,311)	(25,311)
		Total Environmental Mitigation	<u>90,820</u>	<u>-</u>	<u>(116,131)</u>	<u>(25,311)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>276,874,886</u>	<u>58,046</u>	<u>(276,837,950)</u>	<u>94,982</u>
		Completed Projects:				
		LSI-Congestion Relief	37,368,395	2,023	(37,370,418)	-
		LSI-Maintenance	6,050,400	-	(6,050,400)	-
		Bikes and Pedestrian	1,543,659	-	(1,543,659)	-
		Smart Growth	4,193,545	-	(4,193,545)	-
		Environmental Mitigation	62,454	-	(62,454)	-
		Total Completed Projects	<u>49,218,453</u>	<u>2,023</u>	<u>(49,220,476)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 326,093,339</u>	<u>\$ 60,069</u>	<u>\$ (326,058,426)</u>	<u>\$ 94,982</u>

CITY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2019

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	June 30, 2019	June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2012	June 30, 2019	various	\$ 2,403,483	\$ 47,258	\$ (2,450,741)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2013	June 30, 2020	various	3,422,066	38,688	(3,460,754)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	various	3,766,865	58,628	(3,825,493)	-	-	-	-
For Fiscal Year ended June 30, 2015	June 30, 2022	various	4,291,606	48,891	(4,340,497)	-	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023	various	8,067,505	222,436	(8,000,912)	-	(289,029)	289,029	7,888,745
For Fiscal Year ended June 30, 2017	June 30, 2024	various	6,897,302	140,438	-	-	(7,037,740)	7,037,740	6,784,957
For Fiscal Year ended June 30, 2018	June 30, 2025	various	6,311,935	130,648	-	-	(6,442,583)	6,442,583	6,311,935
For Fiscal Year ended June 30, 2019	June 30, 2026	various	5,300,604	-	-	-	(4,557,326)	5,300,604	-
Interest Income			-	345,631	-	-	-	345,631	546,716
Total RTCIP Funds			\$ 40,461,366	\$ 1,032,618	\$ (22,078,397)	\$ -	\$ (18,326,678)	\$ 19,415,587	\$ 21,532,353

CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Marcos, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income reported on Schedule A.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there was no interest income reported on Schedule A.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$356,997, excluding those related to debt service activities. We selected \$173,956 (48.73%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City of San Marcos did not record payroll expenditures for *TransNet* activity.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments made during FY19.

- 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, 2020.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable),

net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2019 apportionment	\$2,262,915
Less: debt service payment	<u>(666,352)</u>
Net estimated apportionment	1,596,563
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>478,969</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(500,418)
Maintenance fund balance	<u>22,226</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(478,192)</u>
Fund balance under apportionment	<u>\$ 957,161</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(500,418)	\$7,519,005	\$7,018,587
Maintenance	<u>22,226</u>	<u>3,081,658</u>	<u>3,103,884</u>
Totals	<u>\$(478,192)</u>	<u>\$10,600,663</u>	<u>\$10,122,471</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 9.68% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$24,092,558	\$7,060,553	\$31,153,111
Maintenance	3,723,704	2,893,773	6,617,477
Interest	<u>36,264</u>	<u>646,337</u>	<u>682,601</u>
Total local street and road revenue	<u>\$27,852,526</u>	<u>\$10,600,663</u>	<u>\$38,453,189</u>
30% of total local street and road revenue			\$ 11,535,957
Less maintenance expenditures incurred to date			<u>(3,723,704)</u>
Available maintenance funds			<u>\$ 7,812,253</u>
Cumulative percentage expended for maintenance			<u>9.68%</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, 2018</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Principal Adjustments</u>	<u>Balance June 30, 2019</u>	<u>Interest Payments</u>
2010 Series A Bonds	\$15,139,627	\$ -	\$ -	\$ -	\$15,139,627	\$595,977
2014 Series A Bonds	\$1,025,000	\$ -	\$ -	\$ -	\$1,025,000	\$70,375

12. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;

- iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City had outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$7,400,849
Less MOE base year requirement	(4,489,387)
Less MOE requirement from PY	<u>(292,229)</u>
 Excess MOE for the year ended June 30, 2019	 <u>\$2,619,233</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.
Results: No exceptions were noted as a result of our procedures.
 - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.
Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.
 - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.
Results: No exceptions were noted as a result of our procedures.
 - ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.
Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2019.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2019.

- viii. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 17, 2019.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

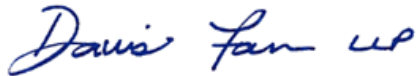
Results: The City had one prior year finding related to the MOE requirement, which has since been satisfied. See procedure 12, which includes a review of unmet MOE requirements from the prior year. This finding is now considered resolved.

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, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SAN MARCOS, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SM54	N/A	Regional Arterial Management Systems	\$ -	\$ 10,800	\$ -	\$ (10,800)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	10,800	-	(10,800)	-	-	
Congestion Relief:									
SM22	88179	South Santa Fe from Bosstick to Smilax	(57,033)	-	-	(31,960)	-	(88,993)	(a)
SM31	88265	Discovery Street Improvements	(217,667)	-	-	(130,671)	-	(348,338)	(a)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	(23,448)	-	-	(38,796)	-	(62,244)	(a)
SM48	88505	SM Creek Specific Plan	86,377	-	-	(5,499)	-	80,878	
SM56	88263	Bent Ave Bridge and Street Improvement	(54,732)	-	-	(45,228)	-	(99,960)	(a)
SM59	86009	Annual Street Overlay Project	98,392	-	-	(94,043)	-	4,349	
		2010 Series A Bonds Debt Service	-	595,977	-	(595,977)	-	-	
		2014 Series A Bonds	-	70,375	-	(70,375)	-	-	
		Subtotal Congestion Relief	(168,111)	666,352	-	(1,012,549)	-	(514,308)	
		Interest Income	13,890	-	-	-	-	13,890	
		Total Congestion Relief	(154,221)	666,352	-	(1,012,549)	-	(500,418)	
Maintenance:									
		Interest Income	22,226	-	-	-	-	22,226	
		Total Maintenance	22,226	-	-	-	-	22,226	
		Total Local Street Improvements	(131,995)	677,152	-	(1,023,349)	-	(478,192)	
		Total <i>TransNet</i> Extension	\$ (131,995)	\$ 677,152	\$ -	\$ (1,023,349)	\$ -	\$ (478,192)	

Notes:

(a) Funds to be drawn down in FY20 to cover project deficit.

SCHEDULE B

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SM54	N/A	Regional Arterial Management Systems	\$ 64,800	\$ -	\$ (64,800)	\$ -
		Total Congestion Relief - Pass-Through	<u>64,800</u>	<u>-</u>	<u>(64,800)</u>	<u>-</u>
Congestion Relief:						
SM22	88179	South Santa Fe from Bosstick to Smilax	39,236	-	(128,229)	(88,993)
SM31	88265	Discovery Street Improvements	2,245,719	-	(2,594,057)	(348,338)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	270,345	-	(332,589)	(62,244)
SM48	88505	SM Creek Specific Plan	2,771,657	-	(2,690,779)	80,878
SM56	88263	Bent Ave Bridge and Street Improvement	165,748	-	(265,708)	(99,960)
SM59	86009	Annual Street Overlay Project	99,333	-	(94,984)	4,349
		2010 Series A Bonds Debt Service	5,108,134	-	(5,108,134)	-
		2014 Series A Bonds	<u>249,072</u>	<u>-</u>	<u>(249,072)</u>	<u>-</u>
		Subtotal Congestion Relief	10,949,244	-	(11,463,552)	(514,308)
		Interest Income	<u>-</u>	<u>13,890</u>	<u>-</u>	<u>13,890</u>
		Total Congestion Relief	<u>10,949,244</u>	<u>13,890</u>	<u>(11,463,552)</u>	<u>(500,418)</u>
Maintenance:						
		Interest Income	<u>-</u>	<u>22,226</u>	<u>-</u>	<u>22,226</u>
		Total Maintenance	<u>-</u>	<u>22,226</u>	<u>-</u>	<u>22,226</u>
		Total Local Street Improvements	<u>11,014,044</u>	<u>36,116</u>	<u>(11,528,352)</u>	<u>(478,192)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>11,014,044</u>	<u>36,116</u>	<u>(11,528,352)</u>	<u>(478,192)</u>
Completed projects:						
		Congestion Relief	13,078,514	148	(13,078,662)	-
		Maintenance	3,723,704	-	(3,723,704)	-
		Bikes and Pedestrian	948,941	1,668	(950,609)	-
		Senior Mini-Grant	34,992	-	(34,992)	-
		Smart Growth	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>
		Total Completed Projects	<u>18,786,151</u>	<u>1,816</u>	<u>(18,787,967)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 29,800,195</u>	<u>\$ 37,932</u>	<u>\$ (30,316,319)</u>	<u>\$ (478,192)</u>

SCHEDULE C

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2019

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, 2019	June 30, 2018	
For Fiscal Year ended June 30, 2009	June 30, 2016	SM31	\$ 14,000	\$ 1,011	\$ -	\$ -	\$ (15,011)	\$ 15,011	\$ 15,011	(a)
For Fiscal Year ended June 30, 2010	June 30, 2017	SM31	2,040	127	-	-	(2,167)	2,167	2,167	(a)
For Fiscal Year ended June 30, 2011	June 30, 2018	SM31	93,760	3,919	-	-	(97,679)	97,679	97,679	(a)
For Fiscal Year ended June 30, 2012	June 30, 2019	SM31	82,797	2,672	-	-	(85,469)	85,469	85,469	(a)
For Fiscal Year ended June 30, 2013	June 30, 2020	SM31	1,155,830	15,387	-	-	(1,171,217)	1,171,217	1,171,217	
For Fiscal Year ended June 30, 2014	June 30, 2021	SM31	11,045	140	-	-	(11,185)	11,185	11,185	
For Fiscal Year ended June 30, 2015	June 30, 2022	SM31	166,795	991	-	-	(167,786)	167,786	167,786	
For Fiscal Year ended June 30, 2016	June 30, 2023	SM31	364,168	-	-	-	(231,786)	364,168	364,168	
For Fiscal Year ended June 30, 2017	June 30, 2024		874,955	-	-	-	-	874,955	874,955	
For Fiscal Year ended June 30, 2018	June 30, 2025		1,345,318	-	-	-	-	1,345,318	1,345,318	
For Fiscal Year ended June 30, 2019	June 30, 2026		466,033	-	-	-	-	466,033	-	
Interest Income			-	188,443	-	-	-	188,443	96,456	
Total RTCIP Funds			\$ 4,576,741	\$ 212,690	\$ -	\$ -	\$ (1,782,300)	\$ 4,789,431	\$ 4,231,411	

Notes:

(a) FY09-FY16 funds accumulated for CIP 88265 (SM31) scheduled for completion in Fall 2021

CITY OF SANTEE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Santee, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$161,073, excluding those related to debt service activities. We selected \$93,641 (58.14%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures for the fiscal year ended June 30, 2019.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of

the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2019. The City charges indirect costs at the rate of 23.70% of direct salary and benefit costs associated with each project. The City allocated a total of \$3,645 in indirect costs to the *TransNet* program, resulting in 0.33% of indirect costs compared to 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. The City's indirect cost allocation has not been reviewed by a federal or state agency or audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: 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, 2020.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2019 apportionment	\$1,444,084
Less: debt service payment	<u>(954,564)</u>
Net estimated apportionment	489,520
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>146,856</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(1,536)
Maintenance fund balance	<u>686</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(850)</u>
Fund balance under apportionment	<u>\$147,706</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,536)	\$(1,091,551)	\$(1,093,087)
Maintenance	<u>686</u>	<u>1,459,275</u>	<u>1,459,961</u>
Totals	<u>\$ (850)</u>	<u>\$ 367,724</u>	<u>\$ 366,874</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency’s plan to cure the excess.

Results: The City has expended 10.66% 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	\$25,950,002	\$(1,228,160)	\$24,721,842
Maintenance	3,138,505	1,414,380	4,552,885
Interest	<u>2,625</u>	<u>181,504</u>	<u>184,129</u>
 Total local street and road revenue	 <u>\$29,091,132</u>	 <u>\$ 367,724</u>	 <u>\$29,458,856</u>
 30% of total local street and road revenue			 \$8,837,657
Less maintenance expenditures incurred to date			<u>(3,139,041)</u>
 Available maintenance funds			 <u>\$5,698,616</u>
 Cumulative percentage expended for maintenance			 <u>10.66%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: Results are as follows as of June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Interest</u> <u>Payments</u>
2010 Series B	\$5,421,360	\$ -	\$367,704	\$5,053,656	\$218,940
2014 Bonds	3,988,326	-	171,765	3,816,561	196,155

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or

- ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$718,132
Less MOE base year requirement	<u>(567,501)</u>
Excess MOE for the year ended June 30, 2019	<u>\$150,631</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: This procedure is not applicable as the City expended exaction fees within seven years of collection.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$216,245. We selected \$57,477 (26.58%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures for fiscal year ending June 30, 2019.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as RTCIP expenditures did not exceed 20% of the total expenditures.

- viii. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 25, 2019.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
April 15, 2020

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2018, through June 30, 2019.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	CIP Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SNT20		Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
SNT04	2017-05	Citywide Pavement Repair & Rehab 2017	(27,603)	27,605	-	-	(2)	-	(a)
SNT04	2018-15	Citywide Pavement Repair & Rehab 2018	(13,576)	139,872	-	(126,296)	-	-	
SNT04	2019-01	Citywide Pavement Repair & Rehab 2019	-	10,117	1	(11,656)	2	(1,536)	(b)
		Subtotal SNT04	(41,179)	177,594	1	(137,952)	-	(1,536)	
		2010 Series B Bonds Debt Service	-	586,644	-	(586,644)	-	-	
		2014 Bonds Debt Service	-	367,920	-	(367,920)	-	-	
		Total Congestion Relief	(41,179)	1,132,158	1	(1,092,516)	-	(1,536)	
Maintenance:									
SNT22	2018-07	Citywide Pavement Roadway Maintenance	(30,387)	14,439	-	-	15,948	-	(a)(c)
SNT22	2018-14	Citywide Crack Sealing Project 2018	(14,439)	31,794	-	(1,407)	(15,948)	-	(a)(c)
SNT22	2019-02	Citywide Slurry Seal & Roadway Maintenance 2019	-	15,000	-	(14,314)	-	686	
		Total Maintenance	(44,826)	61,233	-	(15,721)	-	686	
		Total Local Street Improvements	(86,005)	1,200,791	1	(1,115,637)	-	(850)	
		Total <i>TransNet</i> Extension	(86,005)	1,200,791	1	(1,115,637)	-	(850)	
		GASB 31 Market Value Adjustment	-	-	3	-	-	3	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (86,005)	\$ 1,200,791	\$ 4	\$ (1,115,637)	\$ -	\$ (847)	

Notes:

- (a) Project is complete.
- (b) The City will draw down funds during FY20.
- (c) On the FY 2018 report, project information was misplaced between two projects, 2018-07 and 2018-14. The result is that on the 2019 report, beginning balances are incorrect for the two projects. This adjustment fixes the ending balances.

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<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, 2019</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass Through:						
SNT20		Regional Arterial Management Systems	\$ 51,800	\$ -	\$ (51,800)	\$ -
		Total Congestion Relief - Pass Through	<u>51,800</u>	<u>-</u>	<u>(51,800)</u>	<u>-</u>
Congestion Relief:						
SNT04	2017-05	Citywide Pavement Repair & Rehab 2017	838,480	-	(838,480)	-
SNT04	2018-15	Citywide Pavement Repair & Rehab 2018	139,872	-	(139,872)	-
SNT04	2019-01	Citywide Pavement Repair & Rehab 2019	<u>10,119</u>	<u>1</u>	<u>(11,656)</u>	<u>(1,536)</u>
		Subtotal SNT04	988,471	1	(990,008)	(1,536)
		2010 Series B Bonds Debt Service	5,295,166	-	(5,295,166)	-
		2014 Bonds Debt Service	<u>1,678,909</u>	<u>-</u>	<u>(1,678,909)</u>	<u>-</u>
		Total Congestion Relief	<u>7,962,546</u>	<u>1</u>	<u>(7,964,083)</u>	<u>(1,536)</u>
Maintenance:						
SNT22	2018-07	Citywide Pavement Roadway Maintenance	71,029	-	(71,029)	-
SNT22	2018-14	Citywide Crack Sealing Project 2018	15,846	-	(15,846)	-
SNT22	2019-02	Citywide Slurry Seal & Roadway Maintenance 2019	<u>15,000</u>	<u>-</u>	<u>(14,314)</u>	<u>686</u>
		Total Maintenance	<u>101,875</u>	<u>-</u>	<u>(101,189)</u>	<u>686</u>
		Total Local Street Improvements	<u>8,116,221</u>	<u>1</u>	<u>(8,117,072)</u>	<u>(850)</u>
Completed Projects						
		LSI - Congestion Relief	17,935,656	1,402	(17,937,058)	-
		LSI - Maintenance	3,036,630	1,222	(3,037,852)	-
		Commercial Paper Debt Service	3,979,674	-	(3,979,674)	-
		Bikes and Pedestrian	<u>423,141</u>	<u>-</u>	<u>(423,141)</u>	<u>-</u>
		Total Completed Projects	<u>25,375,101</u>	<u>2,624</u>	<u>(25,377,725)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 33,491,322</u>	<u>\$ 2,625</u>	<u>\$ (33,494,797)</u>	<u>\$ (850)</u>

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed at June 30, 2019	June 30, 2019	June 30, 2018	
For Fiscal Year ended June 30, 2012	June 30, 2019	SNT23	\$ 173,607	\$ 4,943	\$ (178,550)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2013	June 30, 2020	SNT23	204,965	5,840	(210,805)	-	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021	SNT23, SNT26	384,278	4,318	(388,596)	-	-	-	-	
For Fiscal Year ended June 30, 2015	June 30, 2022	SNT23, SNT26	106,441	637	(107,078)	-	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	SNT23, SNT26	275,865	-	(275,865)	-	-	-	52,733	
For Fiscal Year ended June 30, 2017	June 30, 2024	SNT23, SNT26	228,629	-	(163,512)	-	(65,117)	65,117	228,629	
For Fiscal Year ended June 30, 2018	June 30, 2025	SNT23, SNT26	1,079,459	-	-	(38,182)	(1,041,277)	1,041,277	1,079,459	(a)
For Fiscal Year ended June 30, 2019	June 30, 2026	SNT23, SNT26	255,798	-	-	-	(255,798)	255,798	-	
Interest Income			-	59,088	-	-	-	59,088	18,792	
Total RTCIP Funds			<u>\$ 2,709,042</u>	<u>\$ 74,826</u>	<u>\$ (1,324,406)</u>	<u>\$ (38,182)</u>	<u>\$ (1,362,192)</u>	<u>\$ 1,421,280</u>	<u>\$ 1,379,613</u>	

Notes:

(a) Adjustment made to correct FY18 revenue incorrectly reported in the RTCIP fund in error.

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Solana Beach, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$422,069. We selected \$204,990 (48.57%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- I. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments reported on Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable),

net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2019 apportionment	\$426,945
Less: debt service payment	<u>(216,487)</u>
Net estimated apportionment	210,458
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>63,137</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(85,838)
Maintenance fund balance	<u>(2,420)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(88,258)</u>
Fund balance under apportionment	<u>\$151,395</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(85,838)	\$(554,241)	\$(640,079)
Maintenance	<u>(2,420)</u>	<u>1,156,925</u>	<u>1,154,505</u>
Totals	<u>\$(88,258)</u>	<u>\$602,684</u>	<u>\$514,426</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 2.77% 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	\$9,557,164	\$(631,674)	\$8,925,490
Maintenance	287,167	1,127,381	1,414,548
Interest	<u>4,279</u>	<u>106,977</u>	<u>111,264</u>
Total local street and road revenue	<u>\$9,848,610</u>	<u>\$602,684</u>	<u>\$10,451,294</u>
30% of total local street and road revenue			\$3,135,388
Less maintenance expenditures incurred to date			<u>289,587</u>
Available maintenance funds			<u>\$2,845,801</u>
Cumulative percentage expended for maintenance			<u>2.77%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2019</u>	<u>Interest Payments</u>
2010 Series A Bonds	\$5,499,999	\$ -	\$ -	\$5,499,999	\$216,487

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.

- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$706,139
Less MOE base year requirement	<u>(457,765)</u>
Excess MOE for the year ended June 30, 2019	<u>\$248,374</u>

13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2019.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for the fiscal year ending June 30, 2019.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP expenditures related to payroll for the fiscal year ending June 30, 2019.

- viii. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 21, 2019.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SOLANA BEACH, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
SB16	9362.17	Annual Pavement Management	\$ (103,513)	\$ 66,980	\$ -	\$ -	\$ -	\$ (36,533)	(a)(b)
SB16	9362.19	Annual Pavement Management	-	100,000	-	(100,000)	-	-	
SB16	9450.09	Canyon/Marvista Stormdrain	-	-	-	(38,920)	-	(38,920)	(a)(b)
		Total SB16 Projects	<u>(103,513)</u>	<u>166,980</u>	<u>-</u>	<u>(138,920)</u>	<u>-</u>	<u>(75,453)</u>	
SB17	9327	Stevens/Valley Corridor Bicycle Improvements	-	2,420	-	-	(2,420)	-	(c)
SB19	9382.01	Lomas Santa Fe Corridor Study II	-	-	-	(2,500)	-	(2,500)	(a)
SB19	9382.03	Lomas Santa Fe Corridor Study III	-	-	-	(13,570)	-	(13,570)	(a)
		Total SB19 Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,070)</u>	<u>-</u>	<u>(16,070)</u>	
SB20	9320.01	Glencrest Street Improvements	-	-	-	(592)	-	(592)	(a)
		2010 Series A Bonds	-	216,487	-	(216,487)	-	-	
		Interest Income	<u>3,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,857</u>	
		Total Congestion Relief	<u>(99,656)</u>	<u>385,887</u>	<u>-</u>	<u>(372,069)</u>	<u>(2,420)</u>	<u>(88,258)</u>	
Maintenance:									
SB18		Pavement Maintenance	(2,420)	50,000	-	(50,000)	2,420	-	(c)
		Total Maintenance	<u>(2,420)</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>2,420</u>	<u>-</u>	
		Total Local Street Improvements	<u>(102,076)</u>	<u>435,887</u>	<u>-</u>	<u>(422,069)</u>	<u>-</u>	<u>(88,258)</u>	
		Total <i>TransNet</i> Extension	<u>(102,076)</u>	<u>435,887</u>	<u>-</u>	<u>(422,069)</u>	<u>-</u>	<u>(88,258)</u>	
		GASB 31 Fair Market Value Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	<u>\$ (102,076)</u>	<u>\$ 435,887</u>	<u>\$ -</u>	<u>\$ (422,069)</u>	<u>\$ -</u>	<u>\$ (88,258)</u>	

Notes:

(a) To clear the deficit balance, the City will request a draw down in FY 19-20.

(b) SB16 funding to be increased with RTIP amendment, scheduled for Council consideration in FY 19-20.

(c) To close SB17 with zero balance, \$2,420 was transferred from SB17 to SB18 via Council Resolution 2020-040.

SCHEDULE B

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SB16	9362.17	Annual Pavement Management	\$ 381,789	-	\$ (418,322)	(36,533)
SB16	9362.19	Annual Pavement Management	100,000	-	(100,000)	-
SB16	9450.09	Canyon/Marvista Stormdrain	-	-	(38,920)	(38,920)
		Total SB16 Projects	<u>481,789</u>	<u>-</u>	<u>(557,242)</u>	<u>(75,453)</u>
SB17	9327	Stevens/Valley Corridor Bicycle Improvements	<u>250,500</u>	<u>-</u>	<u>(250,500)</u>	<u>-</u>
SB19	9382.01	Lomas Santa Fe Corridor Study II	-	-	(2,500)	(2,500)
SB19	9382.03	Lomas Santa Fe Corridor Study III	-	-	(13,570)	(13,570)
		Total SB19 Projects	<u>-</u>	<u>-</u>	<u>(16,070)</u>	<u>(16,070)</u>
SB20	9320.01	Glencrest Street Improvements	-	-	(592)	(592)
		2010 Series A Bonds	<u>1,928,279</u>	<u>-</u>	<u>(1,928,279)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>3,857</u>	<u>-</u>	<u>3,857</u>
		Total Congestion Relief	<u>\$ 2,660,568</u>	<u>\$ 3,857</u>	<u>\$ (2,752,683)</u>	<u>\$ (88,258)</u>
Maintenance:						
SB18		Pavement Maintenance	<u>\$ 125,350</u>	<u>\$ -</u>	<u>\$ (125,350)</u>	<u>\$ -</u>
		Total Maintenance	<u>125,350</u>	<u>-</u>	<u>(125,350)</u>	<u>-</u>
		Total Local Street Improvements	<u>2,785,918</u>	<u>3,857</u>	<u>(2,878,033)</u>	<u>(88,258)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>2,785,918</u>	<u>3,857</u>	<u>(2,878,033)</u>	<u>(88,258)</u>

SCHEDULE B

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<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, 2019</u>
		Completed Projects				
		LSI - Congestion Relief	6,894,176	422	(6,894,598)	-
		LSI - Maintenance	164,237	-	(164,237)	-
		Bikes and Pedestrian	<u>135,986</u>	<u>-</u>	<u>(135,986)</u>	<u>-</u>
		Total Completed Projects	<u>7,194,399</u>	<u>422</u>	<u>(7,194,821)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 9,980,317</u>	<u>\$ 4,279</u>	<u>\$ (10,072,854)</u>	<u>\$ (88,258)</u>

SCHEDULE C

CITY OF SOLANA BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2019

		Cumulative							
Project Year	Last Date to Commit funds	MPO ID	Funds	Interest	Project	City	Funds	Cumulative Status	
			Received	Income	Expenditures	Adjustments	Committed at June 30, 2019	June 30, 2019	June 30, 2018
Year ended June 30, 2012	June 30, 2019	SB16	\$ 3,623	\$ -	\$ (3,623)	\$ -	\$ -	\$ -	\$ -
Year ended June 30, 2013	June 30, 2020	SB16	3,623	-	(3,623)	-	-	-	-
Year ended June 30, 2014	June 30, 2021	SB16	3,623	-	(3,623)	-	-	-	-
Year ended June 30, 2015	June 30, 2022	SB16	13,768	-	(13,768)	-	-	-	-
Year ended June 30, 2016	June 30, 2023	SB16	19,566	-	(18,812)	-	-	754	754
Year ended June 30, 2017	June 30, 2024		29,714	-	-	-	-	29,714	29,714
Year ended June 30, 2018	June 30, 2025		36,233	-	-	-	-	36,233	36,233
Year ended June 30, 2019	June 30, 2026		46,381	-	-	-	-	46,381	-
Interest Income			-	1,393	-	-	-	1,393	39
Total RTCIP Funds			\$ 156,531	\$ 1,393	\$ (43,449)	\$ -	\$ -	\$ 114,475	\$ 66,740

CITY OF VISTA, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Vista, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year and reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,755,561. We selected \$573,921 (32.69%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of total *TransNet* expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included within the RTIP during FY19.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years during FY19.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years during FY19.

- 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: City Council Resolution No. 2018-179 was approved on November 27, 2018. Programming for RTIP project VISTA46, Annual Street Construction and Overlay-CIP 8225, includes a transfer of *TransNet* funds of \$40 from RTIP project VISTA49, Olive Ave Overpass Study-8252. RTIP project VISTA49 was closed at the end of Fiscal Year 2017/18.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: No exceptions were noted as a result of our procedures.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2019 apportionment	\$2,400,920
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,400,920
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>720,276</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(107,274)
Maintenance fund balance	<u>(6,742)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(114,016)</u>
Fund balance under apportionment	<u>\$834,292</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 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(107,274)	\$1,329,946	\$1,222,672
Maintenance	<u>(6,742)</u>	<u>2,289,203</u>	<u>2,282,461</u>
Totals	<u>\$(114,016)</u>	<u>\$3,619,149</u>	<u>\$3,505,133</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 18.31% 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	\$18,251,253	\$ 1,079,021	\$19,330,274
Maintenance	4,887,248	2,163,273	7,050,521
Interest	<u>(24,164)</u>	<u>376,855</u>	<u>352,691</u>
 Total local street and road revenue	 <u>\$23,114,337</u>	 <u>\$3,619,149</u>	 <u>\$26,733,486</u>
 30% of total local street and road revenue			 \$ 8,020,046
Less maintenance expenditures incurred to date			 <u>(4,894,162)</u>
 Available maintenance funds			 <u>\$ 3,125,884</u>
 Cumulative percentage expended for maintenance			 <u>18.31%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

12. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;

- iii. We included an adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2019, is summarized as follows:

Current year local discretionary expenditures	\$3,249,985
Less MOE base year requirement	<u>(2,413,718)</u>
Excess MOE for the year ended June 30, 2019	<u>\$836,267</u>

- 13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
 - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
 - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.
 - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.
 - ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.
 - iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$186,971. We selected \$64,138 (34.30%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: No exceptions were noted as a result of our procedures.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not incur payroll expenditures for RTCIP projects during FY19.

- viii. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP

general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 29, 2019.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
April 15, 2020

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
VISTA 56	N/A	Regional Arterial Management Systems	\$ -	\$ 8,800	\$ -	\$ (8,800)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	8,800	-	(8,800)	-	-	
Congestion Relief:									
VISTA 46	8225	Street Construction/Overlay-Annual	(273,881)	384,438	-	(123,710)	40	(13,113)	(a)(b)
VISTA 49	8252	Olive Ave Overpass Study	40	-	-	-	(40)	-	(b)
VISTA 54	8289	Paseo Santa Fe Streetscape Improvements Ph II	736,865	-	8,430	(840,244)	-	(94,949)	(a)
VISTA 55	8290	Pedestrian Mobility Sidewalks	(10,133)	21,331	-	(11,381)	-	(183)	(a)
		Interest Income	15	-	956	-	-	971	
		Total Congestion Relief	452,906	405,769	9,386	(975,335)	-	(107,274)	
Maintenance:									
VISTA 53	8262	Annual Street Maintenance & Resurfacing	(14,636)	206,099	-	(198,307)	-	(6,844)	(a)
		Interest Income	102	-	-	-	-	102	
		Total Maintenance	(14,534)	206,099	-	(198,307)	-	(6,742)	
		Total Local Street Improvements	438,372	620,668	9,386	(1,182,442)	-	(114,016)	

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
		Smart Growth Grants:							
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	\$ (65,256)	\$ 333,338	\$ -	\$ (359,824)	\$ -	\$ (91,742)	(c)
		Total Smart Growth Grants	(65,256)	333,338	-	(359,824)	-	(91,742)	
		Bikes and Pedestrian							
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	(260,708)	43,589	-	(213,295)	-	(430,414)	(c)
		Total Bikes and Pedestrian	(260,708)	43,589	-	(213,295)	-	(430,414)	
		Total <i>TransNet</i> Extension	\$ 112,408	\$ 997,595	\$ 9,386	\$ (1,755,561)	\$ -	\$ (636,172)	

Notes:

- (a) City will request reimbursement of programmed funds to eliminate negative balance.
- (b) Programming for RTIP project VISTA46, Annual Street Construction and Overlay-CIP 8225, includes a transfer of TransNet funds of \$40 from RTIP project VISTA49, Olive ave Overpass Study-8252. RTIP project VISTA49 was closed at the end of Fiscal Year 2017/18. The City obtained Council approval via R-2018-179.
- (c) Deficit to be covered by future grant reimbursement request.

SCHEDULE B

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
		TransNet Extension:				
		Local Street Improvements:				
		Congestion Relief - Pass-Through:				
VISTA 56	N/A	Regional Arterial Management Systems	\$ 52,800	\$ -	\$ (52,800)	\$ -
		Total Congestion Relief - Pass-Through	52,800	-	(52,800)	-
		Congestion Relief:				
VISTA 46	8225	Street Construction/Overlay-Annual	6,783,591	-	(6,796,704)	(13,113)
VISTA 49	8252	Olive Ave Overpass Study	6,365	-	(6,365)	-
VISTA 54	8289	Paseo Santa Fe Streetscape Improvements Ph II	1,424,052	12,988	(1,531,989)	(94,949)
VISTA 55	8290	Pedestrian Mobility Sidewalks	245,212	3	(245,398)	(183)
		Interest Income	-	971	-	971
		Total Congestion Relief	8,459,220	13,962	(8,580,456)	(107,274)
		Maintenance:				
VISTA 53	8262	Annual Street Maintenance & Resurfacing	1,470,773	-	(1,477,617)	(6,844)
		Interest Income	-	102	-	102
		Total Maintenance	1,470,773	102	(1,477,617)	(6,742)
		Total Local Street Improvements	9,982,793	14,064	(10,110,873)	(114,016)

SCHEDULE B

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<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, 2019</u>
Smart Growth Grants:						
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	\$ 742,867	\$ -	\$ (834,609)	\$ (91,742)
		Total Smart Growth Grants	<u>742,867</u>	<u>-</u>	<u>(834,609)</u>	<u>(91,742)</u>
Bikes and Pedestrian						
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	<u>1,740,389</u>	-	<u>(2,170,803)</u>	<u>(430,414)</u>
		Total Bikes and Pedestrian	<u>1,740,389</u>	<u>-</u>	<u>(2,170,803)</u>	<u>(430,414)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>12,466,049</u>	<u>14,064</u>	<u>(13,116,285)</u>	<u>(636,172)</u>
Completed Projects:						
		LSI - Congestion Relief	9,739,273	(38,298)	(9,700,975)	-
		LSI - Maintenance	3,416,475	70	(3,416,545)	-
		Senior Mini Grants	554,261	-	(554,261)	-
		Smart Growth Grants	148,287	-	(148,287)	-
		Bikes and Pedestrian	<u>372,534</u>	<u>-</u>	<u>(372,534)</u>	<u>-</u>
		Total Completed Projects	<u>14,230,830</u>	<u>(38,228)</u>	<u>(14,192,602)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 26,696,879</u>	<u>\$ (24,164)</u>	<u>\$ (27,308,887)</u>	<u>\$ (636,172)</u>

SCHEDULE C

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2019	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2019	June 30, 2018
For Fiscal Year ended June 30, 2012	June 30, 2019	VISTA15/46	\$ 186,824	\$ 3,766	\$ (190,590)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2013	June 30, 2020	VISTA15/46	43,762	330	(44,092)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	VISTA15/46	176,720	1,381	(178,101)	-	-	-	-
For Fiscal Year ended June 30, 2015	June 30, 2022	VISTA15/46	200,606	1,862	(202,468)	-	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023	VISTA15/46	214,830	-	(214,830)	-	-	-	3,730
For Fiscal Year ended June 30, 2017	June 30, 2024	VISTA15/46	172,061	-	(172,061)	-	-	-	172,061
For Fiscal Year ended June 30, 2018	June 30, 2025	VISTA15/46	317,346	-	(11,180)	-	-	306,166	317,346
For Fiscal Year ended June 30, 2019	June 30, 2026		2,148,210	-	-	-	-	2,148,210	-
Interest Income			-	53,744	-	-	-	53,744	18,964
Total RTCIP Funds			\$ 3,460,359	\$ 61,083	\$ (1,013,322)	\$ -	\$ -	\$ 2,508,120	\$ 512,101

COUNTY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the County of San Diego, California (County), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The County's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The County recorded total *TransNet* expenditures in the amount of \$7,467,076. We selected \$3,993,138 (53.48%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: Indirect costs were allocated to the projects included in the RTIP, using an overhead ratio of total overhead costs to direct labor costs. Multiple rates were used due to different cost codes. A total of \$931,170 of indirect costs were charged to the *TransNet* program, which resulted in an average indirect cost rate of 12.47% compared to total *TransNet* expenditures. The indirect cost rate has not been reviewed by a federal or state agency or audited by an independent CPA firm. The indirect cost rates are updated and reviewed on an annual basis by the County. The methodology used to calculate the indirect cost rate appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: No exceptions were noted as a result of our procedures.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the County had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not

more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The County is in compliance with the 30% requirement as follows:

Fiscal year 2019 apportionment	\$16,747,187
Less: debt service payment	<u>(982,687)</u>
Net estimated apportionment	15,764,500
30% base	<u>30%</u>
Fiscal year 2019 30% threshold	<u>4,729,350</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	1,337,155
Maintenance fund balance	<u>356,941</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>1,694,096</u>
Fund balance under apportionment	<u>\$3,035,254</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2019 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2019 are as follows:

	Funds Held <u>by County</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$1,337,155	\$ (6,506,892)	\$ (5,169,737)
Maintenance	<u>356,941</u>	<u>45,404,862</u>	<u>45,761,803</u>
Totals	<u>\$1,694,096</u>	<u>\$38,897,970</u>	<u>\$40,592,066</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 5.90% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>County</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$123,574,271	\$(8,604,771)	\$114,969,500
Maintenance	9,825,141	44,770,484	54,595,625
Interest	<u>1,635,858</u>	<u>2,732,257</u>	<u>4,368,115</u>
Total local street and road revenue	<u>\$135,035,270</u>	<u>\$38,897,970</u>	<u>\$173,933,240</u>
30% of total local street and road revenue			\$ 52,179,972
Less maintenance expenditures incurred to date			<u>(10,254,585)</u>
Available maintenance funds			<u>\$ 41,925,387</u>
Cumulative percentage expended for maintenance			<u>5.90%</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, 2018</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2019</u>	<u>Interest Payments</u>
2008 Bonds	\$15,153,610	\$ -	\$ -	\$15,153,610	\$288,341
2012 Bonds	2,383,793	-	(582,818)	1,800,975	111,528

12. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;

- iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
 - c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: This procedure is not applicable as the County does not have a MOE requirement.

- 13. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
 - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
 - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.
 - i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.
 - ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.
 - iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.
 - iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The County recorded total RTCIP expenditures in the amount of \$145,498. We selected \$33,019 (22.69%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.

- viii. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the County did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the County did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The County provided RTCIP documentation to us for review on October 30, 2019.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 14. We reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The County did not include any administrative projects in the RTIP.

- 15. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 16. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the County's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
April 15, 2020

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National County, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>County Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CNTY81		Regional Arterial Management Systems	\$ -	\$ 12,500	\$ -	\$ (12,500)	\$ -	\$ -	(a)
		Total Congestion Relief - Pass-Through	-	12,500	-	(12,500)	-	-	
Congestion Relief:									
CNTY14A	1010123	South Santa Fe - South	1,653	-	60	-	12	1,725	(b)
CNTY21	1003030	Bradley Avenue	370,052	1,400,000	13,595	(1,345,025)	264,617	703,239	(c)
CNTY24	1003046	Cole Grade - High School	1,047,556	-	19,742	(727,740)	-	339,558	
CNTY34	1009589	Dye Road Extension	13,429	-	490	-	-	13,919	(d)
CNTY35	1009591	Ramona Street Extension	9,684	-	354	-	-	10,038	
CNTY36	1009592	San Vicente Road South I	285,869	-	4,171	(155)	(289,885)	-	(e)
CNTY38	1009758	Rancho Santa Fe Roundabouts	12	-	-	-	(12)	-	(f)
CNTY82	1010313	Alpine Blvd	63,373	-	1,334	(58,941)	50,000	55,766	(g)
CNTY83	1019279	SR67/Highland Dye Valley Intersection	24,375	-	357	-	(24,732)	-	(h)
CNTY84	1019201	Stage Coach Lane/Reche Road Intersection	590,711	200,000	3,700	(794,411)	-	-	(i)
CNTY86	1020014	Countywide AC FY16/17	165,261	-	-	(165,261)	-	-	(j)
CNTY86	1021828	AC Overlay 17/18 B	940,888	1,120,000	6,069	(2,066,957)	-	-	(k)
CNTY86	1021825	AC Overlay 17/18 C	-	1,680,000	5,344	(1,666,383)	-	18,961	
CNTY89	1019200	East Vista Way/Gopher Canyon Intersection	187,435	-	6,834	(320)	-	193,949	
		Total Congestion Relief	3,700,298	4,400,000	62,050	(6,825,193)	-	1,337,155	
Maintenance:									
CNTY90	1020776	Camino Del Rey Drainage	179,082	504,000	7,053	(333,194)	-	356,941	
		Total Maintenance	179,082	504,000	7,053	(333,194)	-	356,941	

SCHEDULE A

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>County Adjustments</u>	<u>Project Status June 30, 2019</u>	<u>Notes</u>
		Total Local Street Improvements	\$ 3,879,380	\$ 4,916,500	\$ 69,103	\$ (7,170,887)	\$ -	\$ 1,694,096	
		Bikes and Pedestrian:							
CNTY87	5004631	Active Transportation Plan	(1,058)	70,136	-	(69,078)	-	-	(l)
		Total Bikes and Pedestrian	(1,058)	70,136	-	(69,078)	-	-	
		Competitive Land Management Grant:							
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	(130,298)	218,194	-	(184,506)	-	(96,610)	(m)
V08	5004730	Otay Valley River Cactus Wren	(6,260)	10,470	-	(4,210)	-	-	(n)
V08	5004942	Quino Habitat Restoration	(3,819)	9,581	-	(5,762)	-	-	(o)
V08	5005507	Ramona Grasslands preserve Bullfrog Eradication	-	16,038	-	(32,633)	-	(16,595)	(m)
		Total Competitive Land Management Grant	(140,377)	254,283	-	(227,111)	-	(113,205)	
		Total <i>TransNet</i> Extension	\$ 3,737,945	\$ 5,240,919	\$ 69,103	\$ (7,467,076)	\$ -	\$ 1,580,891	

Notes:

- (a) This is the County's cost-share of the installation of the regional traffic signal management software and linking of the local agencies to a common system. The County did not receive this cash and did not incur any expenditures. This was a pass-through managed by SANDAG.
- (b) CNTY14A South Santa Fe - South received remaining funds of \$12 under CNTY38 Rancho Santa Fe Roundabouts.
- (c) CNTY21 Bradley Avenue received remaining funds under CNTY36 San Vicente Rd South I (\$239,885) and CNTY83 SR67/Highland Dye Valley Intersection (\$24,732). The County passed a resolution to amend the RTIP on May 22, 2019 Minute Order 05 to approve the transfer.
- (d) CNTY34 Dye Road Extension has been delayed. Estimated project completion date is August 2026.
- (e) CNTY36 San Vicente Rd South I is complete. Remaining funds under CNTY36 of \$289,885 were transferred to CNTY21 Bradley Avenue (\$239,885) and CNTY82 Alpine Blvd (\$50,000). The County passed a resolution to amend the RTIP on May 22, 2019 Minute Order 05.
- (f) CNTY38 Rancho Santa Fe Roundabouts has been designed and environmental documentation is complete, however no funding is currently identified for Right of Way or Construction. The project is currently delayed and the remaining funds of \$12 were transferred to CNTY14A South Santa Fe - South.
- (g) CNTY82 Alpine Blvd received remaining funds of \$50,000 under CNTY36 San Vicente Rd South I. The County passed a resolution to amend the RTIP on May 22, 2019 Minute Order 05 to approve the transfer.
- (h) CNTY83 SR67/Highland Dye Valley Intersection is complete. Remaining funds under CNTY83 of \$24,732 were transferred to CNTY21 Bradley Avenue. The County passed a resolution to amend the RTIP on May 22, 2019 Minute Order 05.
- (i) CNTY84 Project 1019201 Stage Coach Lane/Reche Road Intersection is complete.
- (j) CNTY86 Project 1020014 Countywide AC FY16/17 is complete.
- (k) CNTY86 Project 1021828 AC Overlay 17/18 B is complete.
- (l) Project 5004631 Active Transportation Plan final reimbursement received. Project is complete.
- (m) Negative project status balance is due to qualifying expenditures incurred during the fiscal year. The remaining reimbursement will be received in FY19-20.
- (n) Project 5004730 Otay Valley River Cactus Wren final reimbursement received. Project is complete.
- (o) Project 5004942 Quino Habitat Restoration final reimbursement is received. Project is complete.

SCHEDULE B

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

<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, 2019</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SAN54/ CNTY81		Regional Arterial Management Systems	\$ 87,500	\$ -	\$ (87,500)	\$ -
		Total Congestion Relief - Pass-Through	<u>87,500</u>	<u>-</u>	<u>(87,500)</u>	<u>-</u>
Congestion Relief:						
CNTY14A	1010123	South Santa Fe - South	992,312	2,604	(993,191)	1,725
CNTY21	1003030	Bradley Avenue	7,392,617	75,806	(6,765,184)	703,239
CNTY24	1003046	Cole Grade - High School	3,174,000	27,543	(2,861,985)	339,558
CNTY34	1009589	Dye Road Extension	979,405	1,414	(966,900)	13,919
CNTY35	1009591	Ramona Street Extension	830,330	19,633	(839,925)	10,038
CNTY36	1009592	San Vicente Road South I	29,423,200	21,600	(29,444,800)	-
CNTY38	1009758	Rancho Santa Fe Roundabouts	410,899	3,608	(414,507)	-
CNTY82	1010313	Alpine Blvd	5,794,000	10,587	(5,748,821)	55,766
CNTY83	1019279	SR67/Highland Dye Valley Intersection	2,152,268	1,147	(2,153,415)	-
CNTY84	1019201	Stage Coach Lane/Reche Road Intersection	1,446,000	9,662	(1,455,662)	-
CNTY86	1020014	Countywide AC FY16/17	2,382,582	5,221	(2,387,803)	-
CNTY86	1021828	AC Overlay 17/18 B	2,099,000	8,921	(2,107,921)	-
CNTY86	1021825	AC Overlay 17/18 C	1,680,000	5,344	(1,666,383)	18,961
CNTY89	1019200	East Vista Way/Gopher Canyon Intersection	<u>1,083,000</u>	<u>10,320</u>	<u>(899,371)</u>	<u>193,949</u>
		Total Congestion Relief	<u>59,839,613</u>	<u>203,410</u>	<u>(58,705,868)</u>	<u>1,337,155</u>
Maintenance:						
CNTY90	1020776	Camino Del Rey Drainage	<u>919,000</u>	<u>10,197</u>	<u>(572,256)</u>	<u>356,941</u>
		Total Maintenance	<u>919,000</u>	<u>10,197</u>	<u>(572,256)</u>	<u>356,941</u>
		Total Local Street Improvements	<u>60,846,113</u>	<u>213,607</u>	<u>(59,365,624)</u>	<u>1,694,096</u>

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
Bikes and Pedestrian:						
CNTY87	5004631	Active Transportation Plan	\$ 500,000	\$ -	\$ (500,000)	\$ -
		Total Bikes and Pedestrian	500,000	-	(500,000)	-
Competitive Land Management Grant:						
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	672,202	-	(768,812)	(96,610)
V08	5004730	Otay Valley River Cactus Wren	66,801	-	(66,801)	-
V08	5004942	Quino Habitat Restoration	43,948	-	(43,948)	-
V08	5005507	Ramona Grasslands preserve Bullfrog Eradication	16,038	-	(32,633)	(16,595)
		Total Competitive Land Management Grant	798,989	-	(912,194)	(113,205)
		Subtotal Cumulative <i>TransNet</i> Extension	62,145,102	213,607	(60,777,818)	1,580,891
Completed Projects:						
		LSI - Congestion Relief Pass Through	36,000	-	(36,000)	-
		LSI - Congestion Relief	63,611,158	646,063	(64,257,221)	-
		LSI - Maintenance	8,906,141	776,188	(9,682,329)	-
		Bikes and Pedestrians	125,000	-	(125,000)	-
		Competitive Land Management Grant	724,752	-	(724,752)	-
		Total Completed Projects	73,403,051	1,422,251	(74,825,302)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 135,548,153	\$ 1,635,858	\$ (135,603,120)	\$ 1,580,891

COUNTY OF SAN DIEGO, CALIFORNIA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2019

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds committed at June 30, 2019	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	County Adjustments		June 30, 2019	June 30, 2018	
For Fiscal Year ended June 30, 2012	June 30, 2019		\$ 1,253,969	\$ 2,601	\$ (1,256,570)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2013	June 30, 2020		699,665	1,696	(701,361)	-	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021		1,108,576	4,770	(1,113,346)	-	-	-	-	
For Fiscal Year ended June 30, 2015	June 30, 2022		1,180,266	4,039	(1,184,305)	-	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023		1,506,988	4,979	(1,511,967)	-	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	CNTY89	1,455,074	36,502	(646,602)	-	-	844,974	972,731	
For Fiscal Year ended June 30, 2018	June 30, 2025		2,646,555	74,132	-	-	-	2,720,687	2,671,954	
For Fiscal Year ended June 30, 2019	June 30, 2026		2,245,234	40,951	-	-	-	2,286,185	-	(a)
Total RTCIP Funds			<u>\$ 12,096,327</u>	<u>\$ 169,670</u>	<u>\$ (6,414,151)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,851,846</u>	<u>\$ 3,644,685</u>	

Notes:

(a) Interest income and project expenditures for FY17, FY18 and FY19 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, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether ITOC was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff, Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance.

- a. We substantiated all footnotes required in Schedule A.

Results: This procedure is not applicable as there were no footnotes required in Schedule A.

- b. We agreed the beginning balance from the prior year or reviewed that SANDAG staff provided a footnote for any restatements of ITOC activity. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made for the ITOC from SANDAG staff. We compared the *TransNet* revenue recorded for the ITOC to the listing of payments received from SANDAG staff. We notified SANDAG staff of any variations and obtained approval from SANDAG.

Results: No exceptions noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2019.
- i. We reviewed the interest income reported on Schedule A and matched to SANDAG's general ledger.

Results: No exceptions noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed to SANDAG's general ledger.

Results: No exceptions noted as a result of our procedures.

- ii. We reviewed at least 25% of ITOC expenditures as reported by SANDAG to determine if they were necessary and reasonable in carrying out ITOC responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: ITOC recorded total *TransNet* expenditures in the amount of \$368,376. We selected \$121,562 (33.00%) for testing. No exceptions were noted as a result of our procedures.

- iii. If unallowable expenditures were identified in procedure 3.e.ii, we expanded the sample to include an additional 25% of ITOC expenditures and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures are required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 3.e.ii.

- iv. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: ITOC recorded total *TransNet* payroll expenditures in the amount of \$111,835, which represented 30.36% of total expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

4. We obtained from SANDAG staff, Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance.
 - a. We reviewed the ending balances at June 30, 2019 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no amounts listed in the Adjustment column of Schedule A.

5. We reviewed and documented the status of any prior year findings and recommendations.

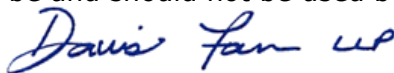
Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

6. We proposed current year findings as a result of performing the above agreed-upon procedures. We included SANDAG staff's response to address the ITOC finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the ITOC's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 15, 2020

GLOSSARY OF TERMS

Definitions

“Current Fiscal Year” means the fiscal period of July 1, 2018, through June 30, 2019.

“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, 2019

Project Name	Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	Committee Adjustments	Status June 30, 2019
<i>TransNet</i> Extension:						
Independent Taxpayer Oversight Committee	\$ 213,216	\$ 399,019	\$ 6,241	\$ (368,376)	\$ -	\$ 250,100
Total <i>TransNet</i> Extension	<u>\$ 213,216</u>	<u>\$ 399,019</u>	<u>\$ 6,241</u>	<u>\$ (368,376)</u>	<u>\$ -</u>	<u>\$ 250,100</u>

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
 Cumulative Schedule of Status of Funds
 Year Ended June 30, 2019

<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Status June 30, 2019</u>
<i>TransNet</i> Extension:				
Independent Taxpayer Oversight Committee	\$ 2,524,869	\$ 33,346	\$ (2,308,115)	\$ 250,100
Total Cumulative <i>TransNet</i> Extension	<u>\$ 2,524,869</u>	<u>\$ 33,346</u>	<u>\$ (2,308,115)</u>	<u>\$ 250,100</u>

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the San Diego Metropolitan Transit System (MTS) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. MTS' management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable as MTS does not participate in the Grant Program.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with management, the *TransNet* revenues and expenditures are not recorded in a separate fund, but MTS maintains separate accountability for all *TransNet* activity. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted MTS' alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income required to be reported on Schedule A.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as interest income was not reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.
- Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
- Results: MTS recorded total *TransNet* expenditures in the amount of \$50,618,396. We selected \$13,662,674 (26.99%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25%, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.
- Results: No exceptions were noted as a result of our procedures.
- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

Results: MTS allocated indirect costs to MPO ID MTS33A included in the RTIP for the year ended June 30, 2019 at an overhead rate of 25.44% and a fringe rate of 54.90%. The total dollar amount of indirect costs charged was \$79,075, which represented a 0.16% of total *TransNet* expenditures. MTS has a formal Indirect Cost Allocation Plan that was approved by the Federal Transit Administration in June 2018 for the fiscal year ending June 30, 2019. Additionally, MTS engaged an independent CPA firm to perform agreed-upon procedures applied to its indirect cost rates. The firm used 2 CFR Part 200 as its criteria in reviewing the rates and concluded that MTS were consistent with the provision of 2 CFR Part 200. No exceptions were noted as a result of our procedure.

- g. We determined that any amounts reflected in the "Adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments for the fiscal year ended June 30, 2019.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no completed projects for the fiscal year ended June 30, 2019.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: This procedure is not applicable as there was not a negative ending balance.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient

agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as MTS had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30, 2019 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included in Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending fund balance per Schedule A for those projects that are derived from the recipient agency’s annual *TransNet* apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: MTS is in compliance with the 30% requirement as follows:

	Senior and <u>Disabled</u>	<u>Transit</u>
Fiscal year 2019 apportionment	\$854,961	\$32,232,021
Less: debt service payment	<u>-</u>	<u>-</u>
Net estimated apportionment	854,961	32,232,021
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2019 30% threshold	<u>256,488</u>	<u>9,669,606</u>
Less:		
Fund balance	<u>-</u>	<u>-</u>
Fund balance under apportionment	<u>\$ 256,488</u>	<u>\$9,669,606</u>

9. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

10. We reviewed transit operator eligibility for receipt of funds.
- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.
 - b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
 - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2018 to 2019 was 5.51%. The change in total operating cost per revenue vehicle hour for bus services was (0.03)% and the change in total operating cost per revenue vehicle mile for rail services was (5.14%). Thus, MTS was in compliance with these portions of the requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2019</u>	<u>2018</u>	<u>Growth Rate</u>
Operating cost for buses	\$186,418,493	\$181,930,197	
Revenue vehicle hours	2,127,979	2,076,230	
Total operating cost per revenue vehicle hour	\$87.60	\$87.63	(0.03)%
Consumer Price Index	232.005	226.494	5.51%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2019</u>	<u>2018</u>	<u>Growth Rate</u>
Operating cost for rail	\$84,682,777	\$87,588,922	
Revenue vehicle miles	8,820,704	8,656,486	
Total operating cost per revenue vehicle mile	\$9.60	\$10.12	(5.14)%
Consumer Price Index	232.005	226.494	5.51%

11. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the MTS' compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Davis Jan UP

Irvine, California
April 15, 2020

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 2019 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including Metropolitan Transit System and North County Transportation Commission, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2019

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2018</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>MTS Adjustments</u>	<u>Project Status June 30, 2019</u>
TransNet Extension:								
Operating:								
Senior and Disabled Transportation:								
MTS 33A	47130	MTS Access	\$ -	\$ 867,694	\$ -	\$ (867,694)	\$ -	\$ -
		Total Senior and Disabled Transportation	-	867,694	-	(867,694)	-	-
Transit and Trolley:								
MTS 32A	47110	MTS Preventive Maintenance	-	32,510,005	-	(32,510,005)	-	-
Major Transit Corridor Operations:								
SAN 80	47140	SuperLoop	-	2,254,094	-	(2,254,094)	-	-
SAN 80	47150	Bus Rapid Transit	-	9,982,099	-	(9,982,099)	-	-
SAN 80	47170	Mid City Bus Rapid Transit	-	2,472,259	-	(2,472,259)	-	-
SAN 80	47180	South Bay Bus Rapid Transit	-	2,532,245	-	(2,532,245)	-	-
		Total Major Transit Corridor Operations	-	17,240,697	-	(17,240,697)	-	-
		Total Transit and Trolley	-	49,750,702	-	(49,750,702)	-	-
		Total Operating	-	50,618,396	-	(50,618,396)	-	-
		Total <i>TransNet</i> Extension	\$ -	\$ 50,618,396	\$ -	\$ (50,618,396)	\$ -	\$ -

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project

Year Ended June 30, 2019

<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, 2019</u>
<i>TransNet</i> Extension						
Operating:						
Senior and Disabled Transportation:						
MTS 33A	47130	MTS Access	\$ 7,985,523	\$ -	\$ (7,985,523)	\$ -
Total Senior and Disabled Transportation			7,985,523	-	(7,985,523)	-
Transit and Trolley:						
MTS 32A	47110	MTS Preventative Maintenance	108,644,097	-	(108,644,097)	-
Major Transit Corridor Operations:						
SAN 80	47140	SuperLoop	13,307,040	-	(13,307,040)	-
SAN 80	47150	Bus Rapid Transit	52,955,243	-	(52,955,243)	-
SAN 80	47170	Mid City Bus Rapid Transit	6,908,228	-	(6,908,228)	-
SAN 80	47180	South Bay Bus Rapid Transit	2,580,754	-	(2,580,754)	-
Total Major Transit Corridor Operations			75,751,265	-	(75,751,265)	-
Total Transit and Trolley			184,395,362	-	(184,395,362)	-
Total Operating			192,380,885	-	(192,380,885)	-
Subtotal Cumulative <i>TransNet</i> Extension			192,380,885	-	(192,380,885)	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<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, 2019</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>\$ 421,601,448</u>	<u>\$ -</u>	<u>\$ (421,601,448)</u>	<u>\$ -</u>

**NORTH COUNTY TRANSIT DISTRICT
OCEANSIDE, CALIFORNIA**

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the North County Transit District (NCTD) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. NCTD's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable as NCTD does not participate in the Grant Program.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: NCTD does not maintain a separate fund for *TransNet* revenues and expenditures. However, since NCTD is an enterprise fund, it does maintain separate accountability for all *TransNet* activity. This alternative approach for maintaining separate accountability has been approved by SANDAG.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: NCTD recorded total *TransNet* expenditures in the amount of \$14,551,540. We selected \$4,157,455 (28.57%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25%, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the payroll expenditure did not exceed the 20% of the total dollar amount of expenditures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We determined that any amounts reflected in the "Adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments for the fiscal year ended June 30, 2019.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no completed projects for the fiscal year ended June 30, 2019.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: NCTD02 has had no activity over the past two years. Schedule A includes a footnote on the status of the project.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: SANDAG approved the reason of activity in February 2020.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as NCTD had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30, 2019 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included in Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: NCTD is in compliance with the 30% requirement as follows:

	<u>Senior and Disabled</u>	<u>Transit</u>
Fiscal year 2019 apportionment	\$347,356	\$13,095,315
Less: debt service payment	<u>-</u>	<u>(141,843)</u>
Net estimated apportionment	347,356	12,953,472
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2019 30% threshold	<u>104,207</u>	<u>3,886,042</u>
Less:		
Fund balance	<u>(1,000)</u>	<u>270,813</u>
Fund balance under apportionment	<u>\$ 105,207</u>	<u>\$3,615,229</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:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2019</u>	<u>Interest Payments</u>
Commercial Paper	\$25,550,000	\$ -	\$(1,250,000)	\$24,300,000	\$(141,843)

10. We reviewed transit operator eligibility for receipt of funds.
- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.
 - b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
 - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2018 to 2019 was 2.43%. The change in total operating cost per revenue vehicle hour for bus services was 1.39% and thus NCTD was in compliance with this portion of the requirement. However, the change in total operating cost per revenue vehicle mile for rail services was 12.98%, and thus NCTD was not in compliance with this portion of the requirement. NCTD submitted to the SANDAG Board, a request to recalculate operator eligibility for rail services by using non-cash adjustments and reclassifications. The effect of this

adjustment and reclassification was an increase to the change in total operating cost per revenue vehicle hour for bus services to 2.06%. On April 15, 2020, the SANDAG Board of Directors approved NCTD's request. Therefore, we have calculated operator eligibility for rail services and NCTD is now in compliance with this requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2019</u>	<u>2018</u>	<u>Growth Rate</u>
Operating cost for buses	\$59,127,116	\$62,904,745	
Revenue vehicle hours	534,456	580,294	
Total operating cost per revenue vehicle hour	\$110.63	\$108.40	2.06%
Consumer Price Index	232.005	226.494	2.43%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2019</u>	<u>2018</u>	<u>Growth Rate</u>
Operating cost for rail	\$38,118,762	\$38,571,247	
Revenue vehicle miles	787,140	788,908	
Total operating cost per revenue vehicle mile	\$48.43	\$48.89	(0.94)%
Consumer Price Index	232.005	226.494	2.43%

11. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

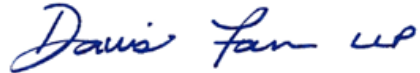
12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the NCTD's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Davis". The signature is written in a cursive style with a long, sweeping underline.

Irvine, California
April 15, 2020

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 2019 of the Semiannual average indexes Table).

“**Current Fiscal Year**” means the fiscal period of July 1, 2018, through June 30, 2019.

“**MPO ID**” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“**Recipient Agency**” means an agency, including Metropolitan Transit System and North County Transportation Commission, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“**RTIP**” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“**SANDAG**” means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“**SANDAG Board Policy No. 031**” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“**Schedule A**” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“**Schedule B**” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“**TransNet Extension Ordinance**” means the 2004 Proposition A.

“**TransNet Ordinance and Expenditure Plan**” means the 1987 Proposition A San Diego Transportation Improvement Plan.

NORTH COUNTY TRANSIT DISTRICT
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2019	Notes
TransNet:									
Capital:									
Transit:									
NCTD18	112005, 115005, 514016, 512556, 512557	Coastal	\$ 167,050	\$ -	\$ 1,117	\$ (165,473)	\$ -	\$ 2,694	
NCTD18	412770, 419003, 514017, 518004, 518010	STP Projects and Services	<u>13,092</u>	<u>-</u>	<u>682</u>	<u>(420)</u>	<u>-</u>	<u>13,354</u>	
Total Transit			<u>180,142</u>	<u>-</u>	<u>1,799</u>	<u>(165,893)</u>	<u>-</u>	<u>16,048</u>	
Total Capital			<u>180,142</u>	<u>-</u>	<u>1,799</u>	<u>(165,893)</u>	<u>-</u>	<u>16,048</u>	
Total <i>TransNet</i>			<u>\$ 180,142</u>	<u>\$ -</u>	<u>\$ 1,799</u>	<u>\$ (165,893)</u>	<u>\$ -</u>	<u>\$ 16,048</u>	
TransNet Extension:									
Operating:									
Senior and Disabled Transportation:									
NCTD03	N/A	Elderly and Disabled	-	355,000	-	(356,000)	-	(1,000)	(a)
Total Senior and Disabled Transportation			-	355,000	-	(356,000)	-	(1,000)	
Transit:									
NCTD02	817350	Preventive Maintenance	-	-	-	-	-	-	(b)
NCTD16B	N/A	Oceanside to Escondido Rail - SPRINTER Debt Service	-	2,385,480	-	(2,114,667)	-	270,813	(c)
NCTD34	N/A	Expanded Transit Service	-	11,914,980	-	(11,914,980)	-	-	
Total Transit			-	14,300,460	-	(14,029,647)	-	270,813	
Total Operating			-	14,655,460	-	(14,385,647)	-	269,813	
Total <i>TransNet</i> Extension			<u>\$ -</u>	<u>\$ 14,655,460</u>	<u>\$ -</u>	<u>\$ (14,385,647)</u>	<u>\$ -</u>	<u>\$ 269,813</u>	
Total <i>TransNet</i> and <i>TransNet</i> Extension			<u>\$ 180,142</u>	<u>\$ 14,655,460</u>	<u>\$ 1,799</u>	<u>\$ (14,551,540)</u>	<u>\$ -</u>	<u>\$ 285,861</u>	

Notes:

(a) Receivable as of June 30, 2019.

(b) No *TransNet* funds were programmed for preventive maintenance. NCTD has programmed Transportation Development Act (TDA) funds for preventive maintenance activities.

(c) Funds will carryover to FY2020 for SPRINTER debt service.

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2019
TransNet Extension:						
Operating:						
Senior and Disabled Transportation:						
NCTD03	N/A	Elderly and Disabled	\$ 3,263,325	\$ -	\$ (3,264,325)	\$ (1,000)
		Total Senior and Disabled Transportation	<u>3,263,325</u>	<u>-</u>	<u>(3,264,325)</u>	<u>(1,000)</u>
Major Corridor:						
NCTD34	N/A	Expanded Transit Service	1,313,066	-	(1,313,066)	-
		Total Major Corridor	<u>1,313,066</u>	<u>-</u>	<u>(1,313,066)</u>	<u>-</u>
Transit:						
NCTD02	817350	Preventive Maintenance	1,715,876	-	(1,715,876)	-
NCTD16B	N/A	Oceanside to Escondido Rail - SPRINTER Debt Service	17,610,572	-	(17,339,759)	270,813
NCTD34	N/A	Expanded Transit Service	<u>104,358,189</u>	<u>-</u>	<u>(104,358,189)</u>	<u>-</u>
		Total Transit	<u>123,684,637</u>	<u>-</u>	<u>(123,413,824)</u>	<u>270,813</u>
		Total Operating	<u>128,261,028</u>	<u>-</u>	<u>(127,991,215)</u>	<u>269,813</u>
Completed Projects:						
Operating:						
		<i>TransNet</i> Senior Mini Grant	217,941	-	(217,941)	-
Capital:						
		Major Corridor	68,323,717	429,576	(68,753,293)	-
		Bike, Pedestrian and Neighborhood Safety (BPNS) Inland Rail Trail	<u>3,870,000</u>	<u>25,257</u>	<u>(3,895,257)</u>	<u>-</u>
		Total Completed Projects	<u>72,411,658</u>	<u>454,833</u>	<u>(72,866,491)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 200,672,686</u>	<u>\$ 454,833</u>	<u>\$ (200,857,706)</u>	<u>\$ 269,813</u>

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether SANDAG was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. SANDAG's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures for SANDAG and SDCRTC for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc). We determined that the projects are properly classified by SANDAG and SDCRTC.

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified SANDAG staff and obtained approval.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed the interest income reported on Schedule A and matched it to the *TransNet* general ledger.

Results: This procedure is not applicable as there was no interest reported on Schedule A.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there was no interest reported on Schedule A.
 - f. We identified the total *TransNet* expenditures for the year ended June 30, 2019.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the respective recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: SANDAG recorded total *TransNet* expenditures in the amount of \$248,223,649. We selected \$85,423,814 (34.41%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transaction and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm.

Results: SANDAG allocated indirect costs to projects included in the RTIP for the year ended June 30, 2019. SANDAG allocates indirect costs at a rate of 78.26% of direct labor costs associated with each project. SANDAG allocated a total of \$3,531,959 of indirect costs to projects,

resulting in 1.42% of indirect costs compared to total *TransNet* expenditures. SANDAG's indirect cost plan has been reviewed and approved by the State of California Department of Transportation, and is updated by SANDAG on an annual basis. The indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- g. We determined that any amounts reported in the "adjustments" column was explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type or authorization and date of authorization.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2020.

Results: This procedure is not applicable as there were no projects with a negative ending balance.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency has provided a footnote of the status of the project that includes when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for reason of inactivity.

Results: No exceptions were noted as a result of our procedures.

- i. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We reviewed that transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfer of funds between projects.
 - m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as SANDAG had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.
8. We determined that the ending project status per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. SANDAG is not a recipient of an annual apportionment.

9. If applicable (including SDCRTC), we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2019.

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 \$44,272,413 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, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2019</u>
Commercial Paper	\$ 3,931,024	\$ 526,010	\$ -	\$ 4,457,034
2008 Bonds	27,742,723	1,835,218	-	29,577,941
2010 Bonds	2,902,390	6,489	-	2,908,879
2012 Bonds	2,321,458	4,092	-	2,325,550
2014 Bonds	1,287,035	3,402	-	1,290,437
2016 Bonds	1,198,288	6,608	-	1,204,896
2017 TIFIA Loan	931,917	15,792	-	947,709
2018 Short Term	<u>1,557,833</u>	<u>2,134</u>	<u>-</u>	<u>1,559,967</u>
Total	<u>\$41,872,668</u>	<u>\$2,399,745</u>	<u>\$ -</u>	<u>\$44,272,413</u>

11. We reviewed to ensure that SANDAG’s administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance:

- a. We reviewed and ensured that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

Results: No exceptions were note as a result of our procedures.

- b. We reviewed at least 25% of the administrative expenditures and ensured that they were expended by recipient SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: SANDAG recorded total administrative expenditures in the amount of \$2,287,424. We selected \$2,287,424 (100.00%) for testing. No exceptions were noted as a result of our procedures.

- i. If unallowable expenditures were identified in step 11.b, we expanded the sample to include an additional 25% of administrative expenditures, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures noted in step 11.b.

12. For SANDAG, acting as the SDCRTC, only, we performed the following procedures:
 - a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed the FY 2019 *TransNet* Local Street Improvements Allocation Schedule and determined that at least 70% of the revenues provided for Local Street Improvement purposes were used for congestion relief purposes and that no more than 30% for maintenance purposes.

Results: No exceptions were noted as a result of our procedures.

13. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

14. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

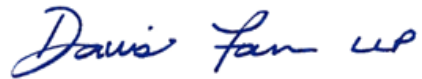
Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the SANDAG's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Davis Lane" followed by a stylized flourish.

Irvine, California
April 15, 2020

GLOSSARY OF TERMS

Definitions

"Current Fiscal Year" means the fiscal period of July 1, 2018, through June 30, 2019.

"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, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2019	Notes
TransNet Extension:								
Administration:								
		SANDAG 1% Administration	\$ -	\$ 3,008,966	\$ (2,287,424)	\$ -	\$ 721,542	
		Total Administration	-	3,008,966	(2,287,424)	-	721,542	
Bike, Pedestrian & Neighborhood Safety (BPNS) -								
Pass-Through:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	28,000	(28,000)	-	-	
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	-	22,286	(22,286)	-	-	
CHV76	1223059	F Street Promenade Streetscape Master Plan	-	5,093	(5,093)	-	-	
CNTY87	1223060	County of San Diego-Active Transportation Plan	-	21,197	(21,197)	-	-	
ESC43	1223062	Escondido Creek Bikeway Missing Link	-	843,282	(843,282)	-	-	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	4,256,486	(4,256,486)	-	-	
SD259	1223091	Move Free SD Education, Encouragement and Awareness Campaign	-	2,936	(2,936)	-	-	
		Total BPNS - Pass Through	-	5,179,280	(5,179,280)	-	-	
BPNS:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	111,199	(111,199)	-	-	
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	147,000	(147,000)	-	-	
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	-	62,548	(62,548)	-	-	
SAN153	1223023	The Inland Rail Trail	-	572,253	(572,253)	-	-	
SAN154	1129900	Bayshore Bikeway Segment 8B	-	44,260	(44,260)	-	-	
SAN155	1223016	Coastal Rail Trail - Rose Creek	-	6,475,255	(6,475,255)	-	-	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	1,007,767	(1,007,767)	-	-	
SAN156	3301100	Plan for Future Coastal Rail Trail	-	9,120	(9,120)	-	-	
		Total SAN156	-	1,016,887	(1,016,887)	-	-	
		Subtotal BPNS	-	8,429,402	(8,429,402)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2019	Notes
		BPNS balance carried forward	\$ -	\$ 8,429,402	\$ (8,429,402)	\$ -	\$ -	
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	-	-	-	-	-	(a)
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	-	(134,276)	134,276	-	-	(b)
SAN195	1223055	Bayshore Bikeway - Barrio Logan	-	1,310,949	(1,310,949)	-	-	
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	-	47,380	(47,380)	-	-	
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	-	222,152	(222,152)	-	-	
SAN203	1223056	San Ysidro to IB Parkway	-	845,644	(845,644)	-	-	
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	-	365,165	(365,165)	-	-	
SAN205	1223057	NP to Downtown/Balboa Bikeway	-	388,264	(388,264)	-	-	
SAN206	1223058	Southeast to Downtown Bikeway	-	1,473,318	(1,473,318)	-	-	
SAN229	1223078	North Park/Mid-City Bikeways: Landis Bikeway	-	228,060	(228,060)	-	-	
SAN230	1223079	North Park/Mid-City Bikeways: Howard-Orange Bikeway	-	345,949	(345,949)	-	-	
SAN230	1223087	North Park/Mid-City Bikeway: Orange	-	47,246	(47,246)	-	-	
		Total SAN230	-	393,195	(393,195)	-	-	
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	-	1,025,923	(1,025,923)	-	-	
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	-	562,681	(562,681)	-	-	
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	-	566,313	(566,313)	-	-	
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	-	775,903	(775,903)	-	-	
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	-	4,082	(4,082)	-	-	
SAN237	1223086	Uptown Bikeways: Uptown Bikeways: Park Boulevard Bikeway	-	120,976	(120,976)	-	-	
SAN238	1223080	North Park/Mid-City Bikeways Monroe Bikeway	-	85,323	(85,323)	-	-	
		Total BPNS	-	16,710,454	(16,710,454)	-	-	
		Senior Services - Pass-Through:						
COR20	1272200	Coronado Seniors Out and About Volunteer Driver Program	-	46,868	(46,868)	-	-	
LAM27	1270400	La Mesa - Rides4Neighbors	-	157,240	(157,240)	-	-	
O34	1270500	Oceanside - Solutions for Seniors on the Go	-	208,099	(208,099)	-	-	
		Subtotal Senior Services - Pass-Through	-	412,207	(412,207)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2019	Notes
		Senior Services - Pass-Through balance carried forward	\$ -	\$ 412,207	\$ (412,207)	\$ -	\$ -	
SAN70	1271000	Jewish Family Services - Rides and Smiles	-	142,341	(142,341)	-	-	
SAN70	1271800	On the Go (Eastern San Diego)	-	159,444	(159,444)	-	-	
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides	-	144,272	(144,272)	-	-	
		Total SAN70	-	446,057	(446,057)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	57,852	(57,852)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	190,418	(190,418)	-	-	
SAN138	1272500	Renewing Life	-	82,480	(82,480)	-	-	
SAN168	1271900	FACT Mobility Management	-	314,370	(314,370)	-	-	
SAN185	1270800	FACT MedRide	-	181,259	(181,259)	-	-	
		Total Senior Services Pass Through	-	1,684,643	(1,684,643)	-	-	
		Senior Services:						
SAN40	3320201	Specialized Transportation	-	64,967	(64,967)	-	-	
		Total Senior Services	-	64,967	(64,967)	-	-	
		Smart Growth - Pass-Through:						
CHV63	1224002	Palomar Gateway District Specific Plan and EIR	-	(14,166)	14,166	-	-	(c)
CHV74	1224016	Healthy Communities Program	-	(4,666)	4,666	-	-	(c)
CHV86	1224059	Third Avenue Streetscape Improvement Project (TASIP-STL406) Phase II	-	39,629	(39,629)	-	-	
EL37	1224046	CAP Environmental and Benefit Cost Analysis	-	162,367	(162,367)	-	-	
ESC44	1224034	Escondido Transit Center Active Transportation Connections	-	51,239	(51,239)	-	-	
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Congestion Relief)	-	837	(837)	-	-	
IB17	1224042	Palm Avenue Mixed-Use and Commercial Corridor Master Plan-Rainbow	-	81,654	(81,654)	-	-	
		Subtotal Smart Growth - Pass-Through	-	316,894	(316,894)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2019	Notes
		Smart Growth - Pass-Through balance carried forward	\$ -	\$ 316,894	\$ (316,894)	\$ -	\$ -	
LAM47	1224036	North Spring Street Smart Growth Corridor	-	71,473	(71,473)	-	-	
NC23	1224030	Westside Mobility Improvement Project	-	(155,583)	155,583	-	-	(b)(d)
NC36	1224061	Roosevelt Avenue Corridor Smart Growth Revitalization Project	-	2,555	(2,555)	-	-	
NC37	1224062	Sweetwater Road Protected Bikeway	-	9,618	(9,618)	-	-	
SD238	1224033	San Ysidro Wayfinding Signs	-	252,710	(252,710)	-	-	
SD241	1224043	Pacific Beach Greenways, Parks and Transit	-	277,976	(277,976)	-	-	
SD243	1224031	14th Street Pedestrian Promenade Demonstration Block	-	20,018	(20,018)	-	-	
SD253	1224049	Clairemont Transit Oriented Development Design Concepts	-	65,458	(65,458)	-	-	
SD254	1224050	College Area Smart Growth Study (CASGS)	-	95	(95)	-	-	
SD257	1224053	University Community Smart Growth Concept Study	-	19,713	(19,713)	-	-	
SD260	1224063	Downtown Mobility Cycle Way Improvement Phase I and II	-	1,169,119	(1,169,119)	-	-	
SD262	1224065	East Village Green Park Phase I	-	1,459	(1,459)	-	-	
VISTA54	1224035	Paseo Santa Fe Phase II	-	643,889	(643,889)	-	-	
		Total Smart Growth - Pass-Through	-	2,695,394	(2,695,394)	-	-	
		Smart Growth:						
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	147,000	(147,000)	-	-	
		Total Smart Growth	-	147,000	(147,000)	-	-	
		Local Street Improvements:						
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	-	11,700	(11,700)	-	-	
CHV39	3311002	Traffic Signal System Optimization	-	15,500	(15,500)	-	-	
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	-	12,500	(12,500)	-	-	
EL06	3311002	Traffic Signals Project	-	9,700	(9,700)	-	-	
ENC28	3311002	Traffic Signal Modifications	-	7,400	(7,400)	-	-	
LAM46	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	-	7,400	(7,400)	-	-	
NC04	3311002	Traffic Signal Install/Upgrade	-	8,000	(8,000)	-	-	
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	-	11,200	(11,200)	-	-	
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	-	7,300	(7,300)	-	-	
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	-	67,600	(67,600)	-	-	
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	-	10,800	(10,800)	-	-	
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	-	7,400	(7,400)	-	-	
VISTA56	3311002	Traffic Congestion Management Program - CIP 8294	-	8,800	(8,800)	-	-	
		Total Local Street Improvements	-	185,300	(185,300)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2019	Notes
Regional Environmental Mitigation Program (EMP) -								
Pass-Through:								
V07	12002xx	Caltrans EMP	\$ -	\$ 44,986,000	\$ (44,986,000)	\$ -	\$ -	
V08	1200396	Otay River Valley Cactus Wren	-	4,210	(4,210)	-	-	
V08	1200397	SLR, SM & SD Watersheds	-	2,855	(2,855)	-	-	
V08	1201302	SDNWR: Mother Miguel Mountai	-	6,965	(6,965)	-	-	
V08	1201305	Otay River Valley and Salt Creek Cactus Wren 3	-	12,006	(12,006)	-	-	
V08	1201307	Quino Habitat Restoration	-	5,762	(5,762)	-	-	
V08	1201312	Crest Canyon Veldt Grass	-	19,380	(19,380)	-	-	
V08	1201314	Veldt Grass Removal	-	10,054	(10,054)	-	-	
V08	1201315	Pallid Bat	-	2,765	(2,765)	-	-	
V08	1201316	Silverwood Wildlife	-	10,911	(10,911)	-	-	
V08	1201318	Native Seed Bank	-	154,052	(154,052)	-	-	
V08	1201320	Proctor Valley Vernal Pools	-	58,175	(58,175)	-	-	
V08	1201321	North County Dunes 2	-	28,985	(28,985)	-	-	
V08	1201322	SD Thornmint Restoration	-	25,309	(25,309)	-	-	
V08	1201325	Elfin Forest	-	34,009	(34,009)	-	-	
V08	1201327	D Street	-	34,547	(34,547)	-	-	
V08	1201328	Cabrillo	-	8,400	(8,400)	-	-	
V08	1201329	Ramona Grasslands	-	32,633	(32,633)	-	-	
V08	1201331	Wright's Field	-	11,152	(11,152)	-	-	
V08	1201332	Boulder Creek	-	2,040	(2,040)	-	-	
V08	1201333	Rare Plants 2	-	16,467	(16,467)	-	-	
V08	1201334	Silverwood-Anstine	-	21,455	(21,455)	-	-	
V08	1201335	Veldt Grass 2	-	39,335	(39,335)	-	-	
V08	1201339	Burrowing Owl	-	10,301	(10,301)	-	-	
V08	1201340	Mission Bay Park	-	31,222	(31,222)	-	-	
V08	1201341	Stinknet Removal	-	22,197	(22,197)	-	-	
Total V08			-	605,187	(605,187)	-	-	
Total Regional EMP - Pass Through			-	45,591,187	(45,591,187)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2019	Notes
Environmental Mitigation Program (EMP):								
V07	12002xx	Biological Mitigation	\$ -	\$ 13,909,134	\$ (13,909,134)	\$ -	\$ -	
V08	12003xx/ 12013xx	Regional Habitat Conservation Fund	-	2,871,590	(2,871,590)	-	-	
		Total EMP	-	16,780,724	(16,780,724)	-	-	
Bus Rapid Transit (BRT)/Rail Operations:								
SAN80	3310703	<i>TransNet</i> Major Transit Corridor Operations	-	5,717	(5,717)	-	-	
		Total BRT/Rail Operations	-	5,717	(5,717)	-	-	
Major Corridor - Pass-Through:								
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	3,493,000	(3,493,000)	-	-	
CAL09	1200509	I-5 San Elijo Bridge Replace	-	(15,558,000)	15,558,000	-	-	(e)
CAL09	1200510	I-5 HOV Carlsbad	-	58,000	(58,000)	-	-	
		Total CAL09	-	(12,007,000)	12,007,000	-	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV lanes	-	1,077	(1,077)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	485,586	(485,586)	-	-	
CAL18B	1201501	I-15 Managed Lanes - South Segment	-	-	-	-	-	
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	-	4,942	(4,942)	-	-	
		Total CAL18B	-	4,942	(4,942)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	(352)	352	-	-	(f)
CAL29	1207602	SR 76 Middle	-	9,000	(9,000)	-	-	
CAL29B	1207606	SR 76 East	-	579,477	(579,477)	-	-	
		Subtotal Major Corridor - Pass-Through	-	(10,927,270)	10,927,270	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2019	Notes
		Major Corridor - Pass-Through balance carried forward	\$ -	\$ (10,927,270)	\$ 10,927,270	\$ -	\$ -	
CAL38	1390501	SR-905 New Freeway	-	(299,933)	299,933	-	-	(d)(f)
CAL67	1280508	State Route 94 Corridor Improvements	-	(1,683)	1,683	-	-	(f)
CAL75	1200506	I-5 Genesee Interchange and Widening	-	2,253,000	(2,253,000)	-	-	
CAL77	1200505	I-5/I-8 Connector	-	(240,961)	240,961	-	-	(b)
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	1,054,000	(1,054,000)	-	-	
CAL78C	1280510	I-805 South: 2 HOV and DAR	-	963,953	(963,953)	-	-	
CAL78D	1280515	I-805 South Soundwalls - Unit 1	-	788,000	(788,000)	-	-	
CAL278	1207801	SR78 HOV/Managed Lanes	-	(8,000)	8,000	-	-	(f)
SAN23	1257001	Mid-Coast LRT Corridor Project	-	(77,000)	77,000	-	-	(g)
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	629,058	(629,058)	-	-	
SAN47	1280504	South Bay BRT	-	22,000	(22,000)	-	-	(f)
SAN73	1239806	San Elijo Lagoon Double Track	-	317,000	(317,000)	-	-	
SAN73A	1239817	Chesterfield Drive Crossing Improvements	-	1,732,000	(1,732,000)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	8,000	(8,000)	-	-	
V11	1201101	State Route 11	-	202,000	(202,000)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	(53,000)	53,000	-	-	(f)
V18	1200507	I-5/Voigt Drive Improvements	-	200,000	(200,000)	-	-	
	1200100	TransNet Project Office	-	(20,000)	20,000	-	-	(f)
		Total Major Corridor - Pass-Through	-	(3,458,836)	3,458,836	-	-	
		Major Corridor:						
CAL09	1200501	I-5 North Coast	-	104,658	(104,658)	-	-	
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	1,380,966	(57,012,157)	55,631,191	-	(h)
CAL09	1200509	I-5 San Elijo Bridge Replace	-	873,077	52,828,722	(53,701,799)	-	(h)
CAL09	1200510	I-5 HOV Carlsbad	-	917	310,083	(311,000)	-	(h)
CAL09	1200511	I-5 Ramp Meters	-	-	1,618,392	(1,618,392)	-	(h)
		Total CAL09	-	2,359,618	(2,359,618)	-	-	
		Subtotal Major Corridor	-	2,359,618	(2,359,618)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2019	Notes
		Major Corridor - Pass-Through balance carried forward	\$ -	\$ 2,359,618	\$ (2,359,618)	\$ -	\$ -	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV lanes	-	4	(4)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	2,173	(2,173)	-	-	
CAL18B	1201501	I-15 Managed Lanes - South Segment	-	4,406	(4,406)	-	-	
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	-	2,369	(2,369)	-	-	
CAL18B	1201518	I-15 Mira Mesa Transit Station Parking Structure	-	2,039	(2,039)	-	-	
		Total CAL18B	-	8,814	(8,814)	-	-	
CAL29	1207602	SR 76 Middle	-	1,412	(1,412)	-	-	
CAL67	1280508	State Route 94 Corridor Improvements	-	148	(148)	-	-	
CAL68	1212501	SR 94/125 Southbound to Eastbound Connector	-	719	(719)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	152,447	(152,447)	-	-	
CAL77	1200505	I-5/I-8 Connector	-	195	(195)	-	-	
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	3,562	(3,562)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	65,436	(65,436)	-	-	
CAL78D	1280515	I-805 S Soundwalls	-	142,153	(142,153)	-	-	
CAL114	1200503	I-5/SR 56 Interchange	-	36	(36)	-	-	
SAN04	1201504	I-15 FasTrak®	-	403,685	(403,685)	-	-	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	84,032,772	(84,032,772)	-	-	
SAN26B	1201509	Downtown BRT Stations	-	18,874	(18,874)	-	-	
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	954,479	(954,479)	-	-	
SAN27	1300601	San Ysidro Intermodal Freight Facility	-	142	(142)	-	-	
SAN27	1300602	South Line Rail Freight Capacity	-	169,990	(169,990)	-	-	
		Total SAN27	-	170,132	(170,132)	-	-	
		Subtotal Major Corridor	-	88,316,659	(88,316,659)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2019	Notes
		Major Corridor balance carried forward	\$ -	\$ 88,316,659	\$ (88,316,659)	\$ -	\$ -	
SAN29	1239801	Sorrento to Miramar Double Track/Realign	-	4,947	(4,947)	-	-	
SAN29	1239812	Sorrento to Miramar Phase 2	-	413,784	(413,784)	-	-	
		Total SAN29	-	418,731	(418,731)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	-	353,392	(353,392)	-	-	
SAN46	1041502	Super Loop	-	246,774	(246,774)	-	-	
SAN47	1280504	South Bay BRT	-	23,590,421	(23,590,421)	-	-	
SAN54	1144800	Regional Arterial Detection	-	24,999	(24,999)	-	-	
SAN54	3310500	511 ATIS	-	250,025	(250,025)	-	-	
SAN54	3311000	ITS Operations	-	1,007,536	(1,007,536)	-	-	
SAN54	3311100	Regional ITS Program Management	-	613,668	(613,668)	-	-	
SAN54	3330700	TSM-Integrated Corridor Management Program	-	114,298	(114,298)	-	-	
SAN54	3331200	RTS Mgt & Op Plan	-	507	(507)	-	-	
		Total SAN54	-	2,011,033	(2,011,033)	-	-	
SAN64	1239809	Eastbrook to Shell Double Track	-	177,190	(177,190)	-	-	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	3,624,784	(3,624,784)	-	-	
SAN73A	1239817	Chesterfield Drive Crossing Improvements	-	838,833	(838,833)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	20,146	(20,146)	-	-	
SAN116	1239803	Oceanside Station Pass Through Track	-	111,876	(111,876)	-	-	
SAN117	1239805	Poinsettia Station Improvements	-	7,657,534	(7,657,534)	-	-	
SAN119	1239807	Sorrento Valley Double Track	-	21,206	(21,206)	-	-	
SAN129	1201514	Downtown Multiuse and Bus Stopover Facility	-	10,160,154	(10,160,154)	-	-	
SAN130	1239810	Carlsbad Village Double Track	-	27,547	(27,547)	-	-	
SAN131	1201511	Mira Mesa Blvd. Bus Rapid Transit Priority Treatments	-	16,912	(16,912)	-	-	
SAN132	1239811	Elvira to Morena Double Track	-	12,089,249	(12,089,249)	-	-	
SAN133	1201513	South Bay BRT Maintenance Facility	-	2,301	(2,301)	-	-	
		Subtotal Major Corridor	-	149,684,742	(149,684,742)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Project Status July 1, 2018	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2019	Notes
		Major Corridor balance carried forward	\$ -	\$ 149,684,742	\$ (149,684,742)	\$ -	\$ -	
SAN149	1239814	Coaster PE	-	83,525	(83,525)	-	-	
SAN172	1210030	BL Station Rehabilitation	-	588,185	(588,185)	-	-	
SAN173	1210040	BL Rail Infrastructure	-	215,528	(215,528)	-	-	
SAN182	1239815	San Diego River Bridge	-	2,374,464	(2,374,464)	-	-	
SAN183	1239816	Batiquitos Lagoon Double Track	-	388,204	(388,204)	-	-	
SAN201	1145500	Airport Connection	-	1,076,006	(1,076,006)	-	-	
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	-	7,253	(7,253)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	2,079,639	(2,079,639)	-	-	
V11	1201101	State Route 11	-	1,159,560	(1,159,560)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	2,416,176	(2,416,176)	-	-	
V18	1200507	I-5/Voigt Drive Improvements	-	277,113	(277,113)	-	-	
		Total Major Corridor	-	160,350,395	(160,350,395)	-	-	
		Total <i>TransNet</i> Extension	\$ -	\$ 248,945,191	\$ (248,223,649)	\$ -	\$ 721,542	

Notes:

- (a) There was no *TransNet* activity in FY 19 as the project is currently funded through TDA, not *TransNet*. *TransNet* funding is expected to resume in FY 21, with an estimated completion date of FY 22.
- (b) Negative expenditures in FY 19 due to prior year corrections.
- (c) *TransNet* funds were returned in FY 19 due to prior year expense refund received. See Chula Vista audit for more detail.
- (d) Project complete.
- (e) *TransNet* funds were returned in FY 19 due to Caltrans EAP refund of excess deposit on hand. See Caltrans audit for more detail.
- (f) *TransNet* funds were returned in FY 19 due to Caltrans Movement of Deposit on Hand. See Caltrans audit for more detail.
- (g) *TransNet* funds were returned in FY 19 due to other funding received for prior year expenditures.
- (h) Adjustments made to CAL09 to reflect FY 18 corrections.

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
TransNet Extension:					
Administration:					
		SANDAG 1% Administration	\$ 28,260,600	\$ (27,539,058)	\$ 721,542
		Total Administration	<u>28,260,600</u>	<u>(27,539,058)</u>	<u>721,542</u>
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through:					
CAL330	1223014	SR-15 Commuter Bike Facility	2,545,999	(2,545,999)	-
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	85,415	(85,415)	-
CHV76	1223059	F Street Promenade Streetscape Master Plan	401,610	(401,610)	-
CNTY87	1223060	County of San Diego-Active Transportation Plan	499,999	(499,999)	-
ESC43	1223062	Escondido Creek Bikeway Missing Link	1,091,999	(1,091,999)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	4,256,486	(4,256,486)	-
SD259	1223091	Move Free SD Education, Encouragement and Awareness Campaign	2,936	(2,936)	-
VISTA54	1224035	Paseo Santa Fe Phase II - (Congestion Relief)	<u>1,697,626</u>	<u>(1,697,626)</u>	<u>-</u>
		Total BPNS - Pass Through	<u>10,582,070</u>	<u>(10,582,070)</u>	<u>-</u>
BPNS:					
CAL330	1223014	SR-15 Commuter Bike Facility	260,119	(260,119)	-
	3300100/				
SAN40	3300200/	Metropolitan Planning	451,598	(451,598)	-
	3300300				
SAN73A	1239817	Chesterfield Drive Crossing Improvements	471,168	(471,168)	-
SAN102	1144300	Bayshore Bikeway - Segments 7 & 8A	749,863	(749,863)	-
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	2,406,950	(2,406,950)	-
SAN153	1223023	The Inland Rail Trail	7,965,207	(7,965,207)	-
SAN154	1129900	Bayshore Bikeway Segment 8B	727,575	(727,575)	-
SAN155	1223016	Coastal Rail Trail - Rose Creek	14,875,319	(14,875,319)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	<u>2,724,105</u>	<u>(2,724,105)</u>	<u>-</u>
		Subtotal BPNS	<u>30,631,904</u>	<u>(30,631,904)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
		Balance carried forward - BPNS	\$ 30,631,904	\$ (30,631,904)	\$ -
SAN156	3301100	Plan for Future Coastal Rail Trail	9,120	(9,120)	-
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	1,405,801	(1,405,801)	-
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	5,019,062	(5,019,062)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	3,748,543	(3,748,543)	-
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	567,864	(567,864)	-
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	609,962	(609,962)	-
SAN203	1223056	San Ysidro to IB Parkway	1,537,357	(1,537,357)	-
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	825,540	(825,540)	-
SAN205	1223057	NP to Downtown/Balboa Bikeway	1,953,034	(1,953,034)	-
SAN206	1223058	Southeast to Downtown Bikeway	2,568,827	(2,568,827)	-
SAN207	1223018	Coastal Rail Trail Encinitas: Chesterfield Dr to Solana Beach	5,478	(5,478)	-
SAN229	1223078	North Park/Mid-City Bikeways: Landis Bikeway	1,383,620	(1,383,620)	-
SAN230	1223079	North Park/Mid-City Bikeways: Howard-Orange Bikeway	604,783	(604,783)	-
SAN230	1223087	North Park/Mid-City Bikeway: Orange	47,246	(47,246)	-
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	1,207,674	(1,207,674)	-
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	2,440,727	(2,440,727)	-
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	1,083,481	(1,083,481)	-
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	1,317,397	(1,317,397)	-
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	6,552	(6,552)	-
SAN237	1223086	Uptown Bikeways: Uptown Bikeways: Park Boulevard Bikeway	145,296	(145,296)	-
SAN238	1223080	North Park/Mid-City Bikeways Monroe Bikeway	193,279	(193,279)	-
		Total BPNS	<u>57,312,547</u>	<u>(57,312,547)</u>	<u>-</u>
		Senior Services - Pass-Through:			
COR20	1272200	Coronado Seniors Out and About Volunteer Driver Program	87,936	(87,936)	-
LAM27	1270400	La Mesa - Rides4Neighbors	1,382,449	(1,382,449)	-
O21	1270500	Oceanside - Solutions for Seniors on the Go	835,456	(835,456)	-
O34	1270500	Oceanside - Senior Shuttle Program	843,647	(843,647)	-
		Subtotal Senior Services - Pass-Through	<u>3,149,488</u>	<u>(3,149,488)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
		Balance carried forward - Senior Services - Pass-Through	\$ 3,149,488	\$ (3,149,488)	\$ -
SAN70	1271000	Jewish Family Services - Rides and Smiles	544,669	(544,669)	-
SAN70	1271800	On the Go (Eastern San Diego)	483,472	(483,472)	-
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and Smiles	861,737	(861,737)	-
		Total SAN70	1,889,878	(1,889,878)	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	406,178	(406,178)	-
SAN92	1271300	Travelers Aid Society - SeniorRide	1,259,095	(1,259,095)	-
SAN138	1272500	Renewing Life	159,998	(159,998)	-
SAN141	1271000	Jewish Family Services	928,710	(928,710)	-
SAN168	1271900	FACT Mobility Management	899,910	(899,910)	-
SAN185	1270800	FACT - Ride FACT	734,937	(734,937)	-
		Total Senior Services - Pass-Through	9,428,194	(9,428,194)	-
		Senior Services:			
SAN40	3320100/3320201	Short Range Transit Svc Activities/Specialized Transportation	470,967	(470,967)	-
		Total Senior Services	470,967	(470,967)	-
		Smart Growth - Pass-Through:			
CHV63	1224002	Palomar Gateway District Specific Plan and EIR	380,526	(380,526)	-
CHV74	1224016	Healthy Communities Program	94,969	(94,969)	-
CHV86	1224059	Third Avenue Streetscape Improvement Project (TASIP-STL406) Phase II	39,629	(39,629)	-
EL37	1224046	CAP Environmental and Benefit Cost Analysis	162,367	(162,367)	-
		Subtotal Smart Growth - Pass-Through	677,491	(677,491)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
		Balance carried forward - Smart Growth - Pass-Through	\$ 677,491	\$ (677,491)	\$ -
ESC44	1224034	Escondido Transit Center Active Transportation Connections	388,983	(388,983)	-
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Congestior	837	(837)	-
IB17	1224042	Palm Avenue Mixed-Use and Commercial Corridor Master Plan-Rainbow to Delaware Construction Drawings	388,253	(388,253)	-
LAM47	1224036	North Spring Street Smart Growth Corridor	117,703	(117,703)	-
NC23	1224030	Westside Mobility Improvement Project	1,999,999	(1,999,999)	-
NC36	1224061	Roosevelt Avenue Corridor Smart Growth Revitalization Project	2,555	(2,555)	-
NC37	1224062	Sweetwater Road Protected Bikeway	9,618	(9,618)	-
SD238	1224033	San Ysidro Wayfinding Signs	350,000	(350,000)	-
SD241	1224043	Pacific Beach Greenways, Parks and Transit	399,999	(399,999)	-
SD243	1224031	14th Street Pedestrian Promenade Demonstration Block	169,853	(169,853)	-
SD253	1224049	Clairemont Transit Oriented Development Design Concepts	65,458	(65,458)	-
SD254	1224050	College Area Smart Growth Study (CASGS)	95	(95)	-
SD257	1224053	University Community Smart Growth Concept Study	19,713	(19,713)	-
SD260	1224063	Downtown Mobility Cycle Way Improvement Phase I and II	1,169,119	(1,169,119)	-
SD262	1224065	East Village Green Park Phase I	1,459	(1,459)	-
VISTA54	1224035	Paseo Santa Fe Phase II	1,344,027	(1,344,027)	-
		Total Smart Growth - Pass-Through	<u>7,105,162</u>	<u>(7,105,162)</u>	<u>-</u>
		Smart Growth:			
SAN40	3300100	TransNet Smart Growth Incentive Program	484,597	(484,597)	-
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	609,269	(609,269)	-
		Total Smart Growth	<u>1,093,866</u>	<u>(1,093,866)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
Local Street Improvements:					
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	\$ 70,200	\$ (70,200)	\$ -
CHV39	3311002	Traffic Signal System Optimization	108,500	(108,500)	-
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	75,000	(75,000)	-
EL06	3311002	Traffic Signals Project	67,900	(67,900)	-
ENC28	3311002	Traffic Signal Modifications	51,800	(51,800)	-
LAM46	3311002	Regional Arterial Management System (RAMS) - (CR)	37,000	(37,000)	-
NC04	3311002	Traffic Signal Install/Upgrade	56,000	(56,000)	-
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	67,200	(67,200)	-
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	43,800	(43,800)	-
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	405,600	(405,600)	-
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	64,800	(64,800)	-
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	44,400	(44,400)	-
VISTA56	3311002	Traffic Congestion Management Program - CIP 8294	17,600	(17,600)	-
Total Local Street Improvements			<u>1,109,800</u>	<u>(1,109,800)</u>	<u>-</u>
Regional Environmental Mitigation Program (EMP) - Pass-Through:					
CAL29	1207602	Caltrans SR 76 Middle EMP	\$ 6,146,000	\$ (6,146,000)	\$ -
CAL29B	1207606	Caltrans SR 76 East EMP	8,133,000	(8,133,000)	-
V07	12002xx	Caltrans EMP	141,549,185	(141,549,185)	-
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	1200343	Other Species Monitoring	15,301	(15,301)	-
V08	1200350	Administrative and Science Support	200,275	(200,275)	-
V08	1200355	Invasive Animal Species Management	571,024	(571,024)	-
Subtotal V08			<u>2,141,859</u>	<u>(2,141,859)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
		Balance carried forward - Subtotal V08	\$ 2,141,859	\$ (2,141,859)	\$ -
V08	1200357	Database Support	105,771	(105,771)	-
V08	1200374	Biologist	154,106	(154,106)	-
V08	1200376	Vertebrate Monitoring	1,149,304	(1,149,304)	-
V08	1200377	Invertebrate Monitoring	24,392	(24,392)	-
V08	1200396	Otay River Valley Cactus Wren	66,800	(66,800)	-
V08	1200397	San Luis Rey, Santa Margarita, and San Dieguito Watersheds	299,993	(299,993)	-
V08	1201302	SDNWR: Mother Miguel Mountai	20,564	(20,564)	-
V08	1201305	Otay River Valley and Salt Creek Cactus Wren 3	189,817	(189,817)	-
V08	1201307	Quino Habitat Restoration	43,947	(43,947)	-
V08	1201312	Crest Canyon Veldt Grass	49,987	(49,987)	-
V08	1201314	Veldt Grass Removal	35,648	(35,648)	-
V08	1201315	Pallid Bat	14,631	(14,631)	-
V08	1201316	Silverwood Wildlife	36,300	(36,300)	-
V08	1201318	Native Seed Bank	333,393	(333,393)	-
V08	1201320	Proctor Valley Vernal Pools	80,760	(80,760)	-
V08	1201321	North County Dunes 2	71,214	(71,214)	-
V08	1201322	SD Thornmint Restoration	35,905	(35,905)	-
V08	1201325	Elfin Forest	34,009	(34,009)	-
V08	1201327	D Street	34,547	(34,547)	-
V08	1201328	Cabrillo	8,400	(8,400)	-
V08	1201329	Ramona Grasslands	32,633	(32,633)	-
V08	1201331	Wright's Field	11,152	(11,152)	-
V08	1201332	Boulder Creek	2,040	(2,040)	-
V08	1201333	Rare Plants 2	16,467	(16,467)	-
V08	1201334	Silverwood-Anstine	21,455	(21,455)	-
V08	1201335	Veldt Grass 2	39,335	(39,335)	-
V08	1201339	Burrowing Owl	10,301	(10,301)	-
V08	1201340	Mission Bay Park	31,222	(31,222)	-
V08	1201341	Stinknet Removal	22,197	(22,197)	-
		Total V08	<u>5,118,149</u>	<u>(5,118,149)</u>	<u>-</u>
		Total Regional EMP - Pass-Through	<u>160,946,334</u>	<u>(160,946,334)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
Environmental Mitigation Program (EMP):					
V07	12002xx	Biological Mitigation	\$ 154,308,234	\$ (154,308,234)	\$ -
V08	12003xx/12001xx	Regional Habitat Conservation Fund	24,473,488	(24,473,488)	-
Total EMP			178,781,722	(178,781,722)	-
BRT/Rail Operations					
SAN80	3310703	<i>TransNet</i> Major Transit Corridor Operations	37,653	(37,653)	-
Total BRT/Rail Operations			37,653	(37,653)	-
Major Corridor - Pass-Through:					
CAL09	1200501	I-5 North Coast	14,544,450	(14,544,450)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	54,252,227	(54,252,227)	-
CAL09	1200509	I-5 San Elijo Bridge Replace	42,377,799	(42,377,799)	-
CAL09	1200510	I-5 HOV Carlsbad	368,000	(368,000)	-
Total CAL09			111,542,476	(111,542,476)	-
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	22,304,871	(22,304,871)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	27,239,686	(27,239,686)	-
CAL18B	1201501	I-15 Managed Lanes - South Segment	26,311,032	(26,311,032)	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	22,152,257	(22,152,257)	-
Total CAL18B			48,463,289	(48,463,289)	-
CAL26	1205203	State Route 52 Freeway (E&F)	58,950,735	(58,950,735)	-
CAL29	1207602	SR 76 Middle	42,358,735	(42,358,735)	-
Subtotal Major Corridor - Pass-Through			310,859,792	(310,859,792)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
		Balance carried forward - Major Corridor - Pass-Through	\$ 310,859,792	\$ (310,859,792)	\$ -
CAL29B	1207606	SR 76 East	51,768,620	(51,768,620)	-
CAL38	1390501	SR-905 New Freeway	555,067	(555,067)	-
CAL67	1280508	SR 94 Widening	7,757,450	(7,757,450)	-
CAL68	1212501	SR 94/125 Southbound to Eastbound Connector	274,603	(274,603)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	11,961,000	(11,961,000)	-
CAL77	1200505	I-5/I-8 Connector	(240,961)	240,961	-
CAL78B	1280511	I-805 North: 2HOV	4,196,000	(4,196,000)	-
CAL78C	1280510	I-805 South: 2 HOV and DAR	95,506,031	(95,506,031)	-
CAL78D	1280515	I-805 South Soundwalls - Unit 1	3,686,000	(3,686,000)	-
CAL114	1200503	I-5/SR56 Interchange	251,000	(251,000)	-
CAL278	1207801	SR78 HOV/Managed Lanes	1,663,000	(1,663,000)	-
SAN23	1257001	Mid-Coast LRT Corridor Project	338,000	(338,000)	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	11,696,160	(11,696,160)	-
SAN47	1280504	South Bay BRT	2,877,327	(2,877,327)	-
SAN73	1239806	San Elijo Lagoon Double Track	<u>6,047,000</u>	<u>(6,047,000)</u>	<u>-</u>
		Subtotal Major Corridor - Pass-Through	<u>509,196,089</u>	<u>(509,196,089)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
		Balance carried forward - Major Corridor - Pass-Through	\$ 509,196,089	\$ (509,196,089)	\$ -
SAN73A	1239817	Chesterfield Drive Crossing Improvements	3,113,000	(3,113,000)	-
SAN183	1239816	Batiquitos Lagoon Double Track	655,365	(655,365)	-
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	8,000	(8,000)	-
V11	1201101	State Route 11	202,000	(202,000)	-
V15	1200508	I-5 Gilman Drive Bridge	79,999	(79,999)	-
V18/CAL369	1200507	I-5/Voigt Drive Direct Access Ramp	790,000	(790,000)	-
	1200100	TransNet Project Office	413,200	(413,200)	-
		Total Major Corridor - Pass-Through	<u>514,457,653</u>	<u>(514,457,653)</u>	<u>-</u>
		Major Corridor:			
CAL09	1200501	I-5 North Coast	15,015,757	(15,015,757)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	(41,157,137)	41,157,137	-
CAL09	1200509	I-5 San Elijo Bridge Replace	62,623,299	(62,623,299)	-
CAL09	1200510	I-5 HOV Carlsbad	315,943	(315,943)	-
CAL09	1200511	I-5 Ramp Meters	<u>1,618,392</u>	<u>(1,618,392)</u>	<u>-</u>
		Total CAL09	<u>38,416,254</u>	<u>(38,416,254)</u>	<u>-</u>
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	1,986,857	(1,986,857)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	4,914,345	(4,914,345)	-
CAL18B	1201501	I-15 Managed Lanes - South Segment	14,615,781	(14,615,781)	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	4,959,808	(4,959,808)	-
CAL18B	1201518	I-15 Mira Mesa TS Parking	<u>9,506,913</u>	<u>(9,506,913)</u>	<u>-</u>
		Total CAL18B	<u>29,082,502</u>	<u>(29,082,502)</u>	<u>-</u>
CAL26	1205203	State Route 52 Freeway (E&F)	<u>16,928,102</u>	<u>(16,928,102)</u>	<u>-</u>
		Subtotal Major Corridor	<u>91,328,060</u>	<u>(91,328,060)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
		Balance carried forward - Major Corridor	\$ 91,328,060	\$ (91,328,060)	\$ -
CAL29	1207602	SR 76 Middle	7,000,711	(7,000,711)	-
CAL29B	1207606	SR 76 East	3,720	(3,720)	-
CAL38	1390501	SR-905 New Freeway	725,883	(725,883)	-
CAL67	1280508	SR-94 Widening	3,080,392	(3,080,392)	-
CAL68	1212501	SR-94-125 Widening	1,560,885	(1,560,885)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	5,403,198	(5,403,198)	-
CAL77	1200505	I-5/I-8 Connector	330,704	(330,704)	-
CAL78B	1280511	I-805 North: 2 HOV	2,603,455	(2,603,455)	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	9,069,486	(9,069,486)	-
CAL78D	1280515	I-805 S Soundwalls	427,979	(427,979)	-
CAL114	1200503	I-5/SR 56 Interchange	50,029	(50,029)	-
CAL278	1207801	SR78 HOV/Managed Lanes	9,921	(9,921)	-
CAL369/V18	1200507	I-5/Voigt Drive Direct Access Ramp	4,531,346	(4,531,346)	-
CAL399	1200508	I-5/Gilman Drive Bridge	155,804	(155,804)	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	25,500,694	(25,500,694)	-
		Subtotal Major Corridor	151,782,267	(151,782,267)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

<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, 2019</u>
		Balance carried forward - Major Corridor	\$ 151,782,267	\$ (151,782,267)	\$ -
SAN23	1257001	Mid-Coast Corridor Transit Project	730,575,343	(730,575,343)	-
SAN26B	1201509	Downtown BRT Stations	20,725,660	(20,725,660)	-
SAN26C	1201507	I-15 BRT Transit Stations - South	26,365,991	(26,365,991)	-
SAN27	1300601	San Ysidro Intermodal Freight Facility	4,637,626	(4,637,626)	-
SAN27	1300602	South Line Rail Freight Capacity	5,977,411	(5,977,411)	-
		Total SAN27	<u>10,615,037</u>	<u>(10,615,037)</u>	<u>-</u>
SAN29	1239801	Sorrento to Miramar Double Track/Realign	31,157,332	(31,157,332)	-
SAN29	1239812	Sorrento to Miramar Phase 2	2,983,038	(2,983,038)	-
		Total SAN29	<u>34,140,370</u>	<u>(34,140,370)</u>	<u>-</u>
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	2,982,502	(2,982,502)	-
SAN36	1129200	Bus/Rail Signal & Communications Equipment	497,000	(497,000)	-
SAN46	1041502	<i>SuperLoop</i>	33,061,260	(33,061,260)	-
SAN47	1280504	Otay BRT	87,858,250	(87,858,250)	-
SAN54	1144800	Regional Arterial Detection	197,061	(197,061)	-
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	979,643	(979,643)	-
SAN54	3311000	ITS Operations	10,394,602	(10,394,602)	-
SAN54	3311100	Regional ITS Program Management	2,642,416	(2,642,416)	-
SAN54	3311800	Connected Vehicle Development Program	626,042	(626,042)	-
SAN54	3330700	TSM-Integrated Corridor Management Program	190,631	(190,631)	-
SAN54	3331200	RTS Mgt & Op Plan	507	(507)	-
		Total SAN54	<u>15,030,902</u>	<u>(15,030,902)</u>	<u>-</u>
		Subtotal Major Corridor	<u>1,113,634,582</u>	<u>(1,113,634,582)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
		Balance carried forward - Major Corridor	\$ 1,113,634,582	\$ (1,113,634,582)	\$ -
SAN64	1239809	Eastbrook to Shell Double Track	2,851,211	(2,851,211)	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	14,263,929	(14,263,929)	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	1,184,103	(1,184,103)	-
SAN78	1240001	Mid-City Rapid Bus	21,265,325	(21,265,325)	-
SAN79	1142500	Centralized Train Control	905,456	(905,456)	-
SAN116	1239803	Oceanside Station Stub Tracks	20,776,721	(20,776,721)	-
SAN117	1239805	Poinsettia Run Through Track	8,527,416	(8,527,416)	-
SAN119	1239807	Sorrento Valley Double Track	3,598,043	(3,598,043)	-
SAN129	1201514	Downtown Layover Facility	17,967,243	(17,967,243)	-
SAN130	1239810	Carlsbad Village Double Track	2,331,014	(2,331,014)	-
SAN131	1201511	Mira Mesa Blvd. BRT Priority Treatments	3,400,195	(3,400,195)	-
SAN132	1239811	Elvira to Morena Double Track	32,502,601	(32,502,601)	-
SAN133	1201513	South Bay BRT Maintenance Facility	30,896,770	(30,896,770)	-
SAN149	1239814	Coaster PE	1,056,194	(1,056,194)	-
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	4,810,467	(4,810,467)	-
SAN172	1210030	Blue Line Station Rehabilitation	32,776,555	(32,776,555)	-
SAN173	1210040	Blue Line Rail Infrastructure	<u>15,236,069</u>	<u>(15,236,069)</u>	<u>-</u>
		Subtotal Major Corridor	<u>1,327,983,894</u>	<u>(1,327,983,894)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2019

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2019
		Balance carried forward - Major Corridor	\$ 1,327,983,894	\$ (1,327,983,894)	\$ -
SAN182	1239815	San Diego River Bridge	9,973,550	(9,973,550)	-
SAN183	1239816	Batiquitos Lagoon Double Track	3,752,750	(3,752,750)	-
SAN201	1145500	Airport Connection	1,076,006	(1,076,006)	-
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	1,652,887	(1,652,887)	-
SAN224	1280513	I-805/SR 94 Bus on Shoulder Demonstration Project	5,589,469	(5,589,469)	-
V11	1201101	State Route 11	5,075,868	(5,075,868)	-
V15	1200508	I-5/Gilman Drive Bridge	<u>10,929,239</u>	<u>(10,929,239)</u>	<u>-</u>
		Total Major Corridor	<u>1,366,033,663</u>	<u>(1,366,033,663)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>2,335,620,231</u>	<u>(2,334,898,689)</u>	<u>721,542</u>
		Completed Projects			
		Bike, Pedestrians & Neighborhood Safety (BPNS)	\$ 14,975,689	\$ (14,975,689)	\$ -
		Senior Services	4,761,824	(4,761,824)	-
		Smart Growth	20,932,220	(20,932,220)	-
		Transit Systems Improvement	11,000,000	(11,000,000)	-
		Local Street Improvements	3,271,619	(3,271,619)	-
		Regional Environmental Mitigation Program	12,008,933	(12,008,933)	-
		Major Corridor	<u>420,426,879</u>	<u>(420,426,879)</u>	<u>-</u>
		Total Completed Projects	<u>487,377,164</u>	<u>(487,377,164)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 2,822,997,395</u>	<u>\$ (2,822,275,853)</u>	<u>\$ 721,542</u>