

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension
Activities

Year Ended June 30, 2024

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Year Ended June 30, 2024

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INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2024

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2024

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INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2024

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, 2024. We performed the procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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

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

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

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

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TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2024

The procedures performed were approved by the ITOC prior to commencing fieldwork. The specific procedures performed, and the results of those procedures are included in each of the draft reports for the recipient agencies. The reports may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of the reports and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. Following approval of the procedures, we scheduled and performed our fieldwork during the months of September 2024 through January 2025.

Results of Procedures

TransNet and TransNet Extension Expenditures

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

During our fieldwork, we obtained the following items:

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

The objectives of the procedures were to ensure the following:

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

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

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2024

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 FY24.

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, with the exception of City of Poway, were in compliance with the MOE requirements for the year ended June 30, 2024. See Attachment B for a summary of compliance with the MOE requirements.

In addition, we performed the following procedures to re-index the MOE bases year as of June 30, 2024 to use for fiscal years 2027, 2028 and 2029 agreed-upon procedures.

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

See Attachment C for re-indexing of the MOE base year as of June 30, 2024. As of June 6, 2025, City of La Mesa and City of National City are pending finalization of their ACFR to complete the re-indexing of the MOE bases.

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.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2024

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

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

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

Based upon the results of the procedures performed, all recipient agencies, were in compliance with the 30% Rule. See Attachment D 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 FY24 *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 E for the Local Street Improvement allocation between congestion relief and maintenance, by recipient agency.

Local Street Improvements: Maintenance Monitoring

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

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TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2024

Indirect Costs Allocated to Projects in RTIP

We inquired of management whether indirect costs are allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency or audited by a certified public accounting firm. If not, we documented the year the indirect cost plan was last updated, the year the methodology was last reviewed, and whether the methodology was reasonable. If indirect costs exceeded 10% of total *TransNet* expenditures, we documented an explanation. The City of San Diego and County of San Diego each exceeded 10%. Additionally, we noted Caltrans overallocated approximately \$77K to several projects during FY24. See the Summary of Findings by Recipient Agency for further information. See Attachment G for the indirect costs allocated to the RTIP.

Regional Transportation Congestion Improvement Program (RTCIP)

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

The objectives of the procedures were to ensure the following:

- Each recipient agency collected at least the minimum exaction fee of \$2,741.97 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;

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TransNet and *TransNet* Extension Activities

Summary of Results

Year Ended June 30, 2024

- Verified that the exaction fee being collected was approved by the City Council or Board of Supervisors and is in compliance with the *TransNet* Extension Ordinance and SANDAG Board Policy No. 031; and
- Verified that expenditures, if any, complied with the *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

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

Transit Operator Eligibility for Receipt of Funds

In accordance with the *TransNet* Extension Ordinance, in order for transit operators to maintain eligibility for receipt of funds, the operator must limit the increase in its total operating cost per revenue vehicle hour for bus or revenue vehicle mile for rail services from one fiscal year to the next, 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, 2023 and June 30, 2024;
- Calculated the increase in the CPI for San Diego County between June 30, 2023 and June 30, 2024; and
- Compared the increase in total operating cost per revenue vehicle hour for bus services, and revenue vehicle mile for rail services, to the increase in the CPI.

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

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2024

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 the approved exaction fee	The city has attempted to collect the under-collected amounts and has been unsuccessful. The City will record the uncollected fees as receivable in FY25 and will complete a General Fund transfer to cover the deficit once SANDAG passes the procedure to take this action.
City of Coronado	RTCIP funding not expended nor committed within seven years of collection	The City has committed RTCIP funds to a project in FY25 and it was discovered that the commitment was not reported in ProjectTrak. During FY25, Finance will work with City staff to ensure that commitments are entered into ProjectTrak to properly record the commitments with SANDAG
County of San Diego	Need to use the approved exaction fee	In process of collecting
City of Poway	Need to meet Maintenance of Effort Requirement	The cost allocation model has been adjusted for FY25 to accurately capture the correct amount required to meet the MOE. The city will also provide additional training and oversight to ensure compliance in future budgets.
Caltrans	Higher indirect cost rate was charged	In process of setting up the projects accurately with the correct indirect cost rate in addition to working on staff training to ensure ongoing process will be developed to verify all the SANDAG projects are set up and are charging the correct indirect cost rate.

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

Summary of 8 Major Compliance Components

City of Carlsbad	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Chula Vista	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Coronado	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	No	No	No
Transit Operator Eligibility	n/a	n/a	n/a

City of Del Mar	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	No
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	No	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of El Cajon	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	No	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Encinitas	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Escondido	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	No
Transit Operator Eligibility	n/a	n/a	n/a

City of Imperial Beach	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of La Mesa	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	No	No
Transit Operator Eligibility	n/a	n/a	n/a

City of Lemon Grove	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	No
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of National City	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	No
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Oceanside	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Poway	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	No	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of San Diego	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of San Marcos	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	No
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Santee	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

City of Solana Beach	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	No	Yes
Transit Operator Eligibility	n/a	n/a	n/a

City of Vista	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	Yes	Yes	Yes
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	Yes	Yes	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

Caltrans	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	No	Yes	Yes
RTCIP	n/a	n/a	n/a
Transit Operator Eligibility	n/a	n/a	n/a

County of San Diego	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	No	No	Yes
Transit Operator Eligibility	n/a	n/a	n/a

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

SANDAG	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	Yes	Yes	Yes
LSI – Maintenance Monitoring	Yes	Yes	Yes
Indirect Costs	Yes	Yes	Yes
RTCIP	n/a	n/a	n/a
Transit Operator Eligibility	n/a	n/a	n/a

MTS	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	n/a	n/a	n/a
LSI – Maintenance Monitoring	n/a	n/a	n/a
Indirect Costs	Yes	Yes	Yes
RTCIP	n/a	n/a	n/a
Transit Operator Eligibility	Yes	Yes	Yes

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Summary of 8 Major Compliance Components

NCTD	FY 2024	FY 2023	FY 2022
Compliance Components	In Compliance	In Compliance	In Compliance
<i>TransNet</i> and <i>TransNet</i> Extension Expenditures	Yes	Yes	Yes
Maintenance of Effort (MOE)	n/a	n/a	n/a
30% Fund Balance Limitation	Yes	Yes	Yes
LSI – Congestion Relief vs. Maintenance	n/a	n/a	n/a
LSI – Maintenance Monitoring	n/a	n/a	n/a
Indirect Costs	Yes	Yes	Yes
RTCIP	n/a	n/a	n/a
Transit Operator Eligibility	Yes	Yes	Yes

Yes = In Compliance

No = Not in compliance

n/a = Not applicable

Compliance With Maintenance of Effort Requirement

Recipient Agency	Fiscal Year 2024				
	In Compliance	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	Deficit Amount
Carlsbad	Yes	\$4,250,218	—	—	—
Chula Vista	Yes	2,763,821	—	—	—
Coronado	Yes	620,164	—	—	—
Del Mar	Yes	379,643	17,493	—	—
El Cajon	Yes	1,165,357	—	—	—
Encinitas	Yes	1,436,353	—	—	—
Escondido	Yes	2,111,880	—	—	—
Imperial Beach	Yes	146,928	—	—	—
La Mesa	Yes	1,274,724	—	—	—
Lemon Grove	Yes	127,907	—	—	—
National City	Yes	1,278,879	—	—	—
Oceanside	Yes	1,965,970	—	—	—
Poway	No	836,358	—	—	92,916
San Diego	Yes	16,288,475	120,526	648,839	—
San Marcos	Yes	3,082,862	—	—	—
Santee	Yes	414,730	—	—	—
Solana Beach	Yes	337,419	—	—	—
Vista	Yes	1,703,119	—	—	—
County of San Diego (1)	—	—	—	—	—

Yes - In Compliance

No - Not in compliance

— Not applicable

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

Maintenance of Effort Re-Indexing

	Previously approved MOE Base			Growth Rate		Adjusted MOE as of June 30, 2024		
	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	Jurisdiction Growth Rate	Construction Cost Index Growth rate	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies
Carlsbad	\$4,250,218	0	0	1.32	1.76	\$5,610,288	0	0
Chula Vista	2,763,821	0	0	1.22	1.76	3,371,862	0	0
Coronado	620,164	0	0	1.46	1.76	905,439	0	0
Del Mar	379,643	17,493	0	1.32	1.76	501,129	23,091	0
El Cajon	1,165,357	0	0	1.25	1.76	1,456,696	0	0
Encinitas	1,436,353	40	0	1.27	1.76	1,824,168	0	0
Escondido	2,111,880	0	0	1.13	1.76	2,386,424	0	0
Imperial Beach	146,928	0	0	1.35	1.76	198,353	0	0
La Mesa (1)	1,274,724	0	0	(1)	1.76	(1)	(1)	(1)
Lemon Grove	127,907	0	0	1.23	1.76	157,326	0	0
National City (1)	1,278,879	0	0	(1)	1.76	(1)	(1)	(1)
Oceanside	1,965,970	0	0	1.30	1.76	2,555,761	0	0
Poway	836,358	0	0	1.34	1.76	1,120,720	0	0
San Diego, City	16,288,475	120,526	648,839	1.34	1.76	21,826,557	161,505	869,444
San Marcos	3,082,862	0	0	1.13	1.76	3,483,634	0	0
Santee	414,730	0	0	1.18	1.76	489,381	0	0
Solana Beach	337,419	0	0	1.55	1.76	522,999	0	0
Vista	1,703,119	0	0	1.28	1.76	2,179,992	0	0
San Diego, County(2)	0	0	0	n/a	n/a	0	0	0

Note 1 – City’s Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2024 is not yet available. As such, we were unable to complete the re-index for the City.

Note 2 - The County does not have discretionary expenditures or projects that can be reported under the MOE

Compliance With 30 Percent Fund Balance Limitation FY 2022 – FY 2024

	Fiscal Year 2024				Fiscal Year 2023				Fiscal Year 2022			
Recipient Agency	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	S&R Balance	Excess Amount
Streets and Roads												
Carlsbad	Yes	1,453,271	219,917	–	Yes	1,477,093	653,397	–	Yes	1,259,563	830,551	–
Chula Vista	Yes	2,725,386	129,509	–	Yes	2,821,061	(480,229)	–	Yes	2,523,474	(344,144)	–
Coronado	Yes	239,226	(48,452)	–	Yes	242,680	107,341	–	Yes	231,738	(361,259)	–
Del Mar	Yes	39,851	3,390	–	Yes	42,619	3,285	–	Yes	37,385	3,167	–
El Cajon	Yes	1,055,606	(2,245,047)	–	Yes	1,059,124	(1,277,814)	–	Yes	989,663	(629,159)	–
Encinitas	Yes	701,079	4,758	–	Yes	728,255	142,498	–	Yes	666,660	(204,026)	–
Escondido	Yes	1,557,844	(1,599,920)	–	Yes	1,594,196	(321,770)	–	Yes	1,509,225	(1,659,886)	–
Imperial Beach	Yes	137,662	(416,827)	–	Yes	182,160	(109,219)	–	Yes	196,519	(19,704)	–
La Mesa	Yes	652,760	(931,155)	–	Yes	494,998	(94,884)	–	Yes	473,545	(855,519)	–
Lemon Grove	Yes	299,092	(262,555)	–	Yes	290,657	4,615	–	Yes	281,219	(90,478)	–
National City	Yes	603,594	(1,801,289)	–	Yes	603,110	(838,387)	–	No	578,295	1,373,673	795,378
Oceanside	Yes	1,864,451	(1,518,684)	–	Yes	1,927,938	(1,547,572)	–	Yes	1,358,351	(2,697,217)	–
Poway	Yes	619,489	(222,678)	–	Yes	622,290	(1,034,020)	–	Yes	584,864	(104)	–
San Diego, City	Yes	13,728,770	9,747,322	–	Yes	14,075,217	11,175,015	–	Yes	13,742,311	6,041,776	–
San Marcos	Yes	811,358	(2,084,765)	–	Yes	796,302	(784,208)	–	Yes	725,011	397,603	–
Santee	Yes	367,161	(104,213)	–	Yes	351,680	21,194	–	Yes	330,212	(63,042)	–
Solana Beach	Yes	120,119	1,702	–	Yes	113,953	1,702	–	Yes	102,117	(131,456)	–
Vista	Yes	988,250	236,147	–	Yes	1,009,302	(27,142)	–	Yes	944,059	518,622	–
County of San Diego	Yes	6,617,312	368,602	–	Yes	6,222,015	4,242,047	–	Yes	5,752,318	1,264,885	–
Transit												
Metropolitan Transit System (MTS)	Yes	13,545,417	359,295	–	Yes	13,680,714	–	–	Yes	12,923,070	–	–
North County Transit District (NCTD)	Yes	5,116,529	146,998	–	Yes	5,117,399	–	–	Yes	4,823,047	–	–

Yes = In Compliance

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

Compliance with Allocation of Local Street Improvements Revenues

Recipient Agency	Fiscal Year 2024		
	Allocation of Sales Tax Revenues Received	70% Congestion Relief Allocated	30% Maintenance Allocated
Carlsbad	\$4,844,235	\$3,390,965	\$1,453,270
Chula Vista	9,084,621	6,359,234	2,725,387
Coronado	797,420	558,194	239,226
Del Mar	265,598	185,919	79,679
El Cajon	3,518,686	2,463,080	1,055,606
Encinitas	2,336,931	1,635,852	701,079
Escondido	5,192,812	3,634,968	1,557,844
Imperial Beach	899,992	629,994	269,998
La Mesa	2,175,866	1,523,106	652,760
Lemon Grove	996,974	697,882	299,092
National City	2,011,980	1,408,386	603,594
Oceanside	6,214,838	4,350,386	1,864,452
Poway	2,064,963	1,445,474	619,489
San Diego, City	46,327,054	32,428,938	13,898,116
San Marcos	3,175,297	2,222,708	952,589
Santee	2,021,078	1,414,755	606,323
Solana Beach	559,795	391,857	167,938
Vista	3,294,166	2,305,916	988,250
County of San Diego	23,273,259	16,291,281	6,981,978

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	\$61,818,366	\$18,545,510	\$2,034,308	\$16,511,202	3.29%	Yes
Chula Vista	106,369,444	31,910,833	22,408,647	9,502,186	21.07%	Yes
Coronado	10,774,125	3,232,238	386,910	2,845,328	3.59%	Yes
Del Mar	7,761,744	2,328,523	403,270	1,925,253	5.20%	Yes
El Cajon	42,559,977	12,767,993	7,662,498	5,105,495	18.00%	Yes
Encinitas	31,664,792	9,499,438	1,117,046	8,382,392	3.53%	Yes
Escondido	68,937,196	20,681,159	18,434,725	2,246,434	26.74%	Yes
Imperial Beach	14,335,090	4,300,527	3,251,304	1,049,223	22.68%	Yes
La Mesa	33,482,010	10,044,603	5,548,056	4,496,547	16.57%	Yes
Lemon Grove	12,203,298	3,660,989	3,195,092	465,897	26.18%	Yes
National City	28,288,031	8,486,409	0	8,486,409	0.00%	Yes
Oceanside	89,548,620	26,864,586	16,008,927	10,885,659	17.88%	Yes
Poway	25,760,139	7,728,042	6,477,513	1,250,529	25.15%	Yes
San Diego, City	587,271,206	176,181,362	165,837,902	10,343,460	28.24%	Yes
San Marcos	53,755,577	16,126,673	3,793,217	12,333,456	7.06%	Yes
Santee	42,545,723	12,763,717	5,964,595	6,799,122	14.02%	Yes
Solana Beach	13,146,737	3,944,021	389,587	3,554,434	2.96%	Yes
Vista	42,120,811	12,636,243	7,626,053	5,010,190	18.11%	Yes
San Diego, County	273,599,356	82,079,807	11,463,804	70,616,003	4.19%	Yes

Indirect Costs Charged to *TransNet*

Recipient Agency	2024 Total <i>TransNet</i> Expenditures	2024 Indirect Costs Charged to <i>TransNet</i>	2024 Indirect Costs as a % of Total <i>TransNet</i> Expenditures	Last Allocation Plan Approval	2023 Indirect Costs as a % of Total <i>TransNet</i> Expenditures
Carlsbad	\$3,722,418	\$93,791	2.52%	2021 ^{1,3}	14.21%
Chula Vista	3,410,530	246,133	7.22%	2021 ³	8.49%
Coronado	210,047	0	0.00%	n/a	0.00%
Del Mar	228,757	0	0.00%	n/a	0.00%
El Cajon	6,942,547	15,379	0.22%	2021 ³	0.87%
Encinitas	2,066,580	0	0.00%	n/a	0.00%
Escondido	6,852,355	298,257	4.35%	2022 ^{1,3}	19.12%
Imperial Beach	1,244,696	0	0.00%	n/a	0.00%
La Mesa	1,092,376	0	0.00%	n/a	0.00%
Lemon Grove	1,066,817	102,039	9.56%	2019 ¹	14.41%
National City	1,896,283	0	0.00%	n/a	0.00%
Oceanside	4,987,002	146,249	2.93%	2010 ³	5.45%
Poway	359,069	0	0.00%	n/a	0.00%
San Diego, City	51,367,341	5,628,384	10.96%	2023 ³	13.59%
San Marcos	3,892,482 ⁴	0	0.00%	2023 ²	0.00%
Santee	2,310,678 ⁴	17,924	0.78%	2023 ³	1.48%
Solana Beach	474,398	0	0.00%	n/a	0.00%
Vista	3,714,889	0	0.00%	n/a	0.00%
Caltrans	17,665,961	994,037	5.63%	2024 ²	8.02%
San Diego, County	9,371,607	1,622,290	17.31%	2023 ³	9.44%
SANDAG	85,351,130	7,357,632	8.62%	2023 ²	5.38%
MTS	81,989,000	164,302	0.20%	2024 ²	0.17%
NCTD	33,792,772	0	0.00%	n/a	0.00%

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

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

CALTRANS

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

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the State of California Department of Transportation's (Caltrans or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. Caltrans' management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by Caltrans with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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

2. We obtained from SANDAG the applicable approved RTIP.

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

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

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

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

Results: Per discussion with Caltrans management, *TransNet* revenues and expenditures are not recorded in a separate fund but are part of the State

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

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

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

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

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

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

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

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

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

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

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

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

<i>TransNet</i> payments made by SANDAG	\$ 2,012,877
<i>TransNet</i> revenue recorded by Caltrans	<u>(4,829,628)</u>
Variance	<u>\$ 6,842,505</u>

The variance was a result of the following:

Paid by SANDAG in 2023 but received by Caltrans in 2024	\$(2,784,057)
Paid by SANDAG in 2024 but received by Caltrans in 2025	<u>9,626,562</u>
Variance	<u>\$ 6,842,505</u>

- e. We identified the interest income reported for the fiscal year.
 - i. We inspected the interest income reported on Schedule A and agreed to the Caltrans general ledger.

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

Results: In accordance with the Governor’s budget, Caltrans has no authority to disburse funds deposited in the State Highway Account, as that money is defined for a special purpose through the legislative process. An absence of such authority means that Caltrans cannot disburse funds, and the Department of Finance has no authority to pay interest on advance deposits. SANDAG has accepted this practice in the past, thus no exceptions were noted as a result of our procedures.
- f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency’s general ledger.

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

Results: Caltrans recorded total *TransNet* expenditures in the amount of \$17,665,961 (prior to the adjustments being netted). We selected \$5,495,050 (31.11%) for testing. No exceptions were noted as a result of our procedures.
 - iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

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

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

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

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

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

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

Results: Indirect costs are allocated to RTIP projects at a rate of 71.57% of direct labor costs from 7/1/2023 - 7/10/2023 and a rate of 52.09% of direct labor costs from 7/10/2023 to 6/30/2024 associated with each project when the contributor is considered a self-help county. As of July 1, 2020, SB 848 was enacted which limits the Indirect Cost Rate Proposal (ICRP) rates for self-help counties. Caltrans' indirect cost plan has been reviewed by the State of California Department of Finance and the Federal Highway Administration as of 9/1/2023. The indirect cost plan is reviewed and updated by Caltrans on an annual basis. Caltrans allocated a total of \$994,037 of indirect costs in the RTIP resulting in 5.63% of indirect costs compared to total *TransNet* expenditures. Caltrans' methodology for allocating indirect costs appears reasonable.

In addition, it was noted in FY24, Caltrans charged the incorrect ICRP rate of 56.17% for *TransNet*, as a result of several Caltrans project IDs not set up correctly with the SANDAG contributor (*TransNet*) as a self-help county. This resulted in certain projects being allocated an incorrect ICRP rate. A total of \$77,785 was overcharged for FY24. See Finding 1 in the Findings and Recommendations section of this report.

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

Results: This procedure is not applicable as there were no adjustments made during FY24.

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

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

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

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

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

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

- i. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

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

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

Results: CAL26 had no activity over the past two years. The status of the project has been added to Schedule A.

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

Results: SANDAG approved the inactive project on January 23, 2025.

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

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

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

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

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

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

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

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

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: See Findings and Recommendation section of this report.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on Caltrans's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 6, 2025

CALTRANS

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

Findings and Recommendations

Year Ended June 30, 2024

(1) Indirect Rate Charged to Certain Projects Were Using Higher Indirect Cost Rate Proposal Rate for FY 2024

During inquiry with Caltrans regarding indirect allocation to the projects included in the RTIP, Caltrans discovered that several of Caltrans' projects were not set up correctly with the SANDAG contributor (*TransNet*) as a self-help county. This resulted in several projects being charged a higher Indirect Cost Rate Proposed (ICRP) than it should have charged. Actual ICRP rate charged was calculated to be 56.17% when the correct ICRP for the FY 2024 should have been 52.09%. Total of \$77,784.57 was overcharged for FY 2024. They also noted some charges in the 2025 fiscal year that needs to be adjusted too during this discovery phase.

Recommendation

We recommend that Caltrans set up the projects accurately in their system for the correct ICRP to be charged to the fiscal year.

Management Response

Caltrans is concentrating on making sure that the projects identified that were set up wrong are amended and set up correctly. Once they are all set up correctly, an adjustment from the incorrect ICRP rate charged to the correct ICRP rate in 2024 (and 2025) year will be processed. Caltrans is also working with staff training and once all the adjustments are completed, an ongoing process will be developed to verify all the SANDAG projects are set up as self-help and are charging the correct ICRP rate.

GLOSSARY OF TERMS

"Current Fiscal Year" means the fiscal period of July 1, 2023, through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

"TransNet Extension Ordinance" means the 2004 Proposition A.

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

SCHEDULE A

CALTRANS
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID/ Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2024	Notes
TransNet:								
Highways:								
CAL26	Route 52	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	(a)
	Total Highways	13,864	-	-	-	-	13,864	
	Total <i>TransNet</i>	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	
TransNet Extension:								
Major Corridor:								
CAL09	I-5 North Coast	\$ (2,662,479)	\$ 2,862,600	\$ -	\$ 888,650	\$ -	\$ 1,088,771	
CAL09 C	I-805 HOV / Carroll Canyon DAR	-	-	-	-	-	-	
CAL09 D	5/805 Conversion to Express	(105,903)	340,000	-	(172,605)	-	61,492	
CAL18B	Mira Mesa DAR and Bus Station	-	-	-	(14,643)	-	(14,643)	(b)
CAL 29	SR 76 Middle	-	-	-	-	-	-	(c)
CAL29 B	SR 76 East	(15,919)	243,000	-	4,237,444	-	4,464,525	
CAL38	SR-905 New Freeway	-	-	-	-	-	-	
CAL67	SR-94 HOV	(673)	62,257	-	(50,754)	-	10,830	
CAL68	94/125 S to E Connector	(900)	2,000	-	(1,000)	-	100	
CAL75	I-5 Genesee	30,407	41,000	-	(1,337,646)	-	(1,266,239)	(d)
CAL78 B	I-805 North	(7,913)	7,913	-	-	-	-	
CAL78 C	I-805 South	(1,775)	9,000	-	(5,259)	-	1,966	
CAL78 D	I-805 South Soundwalls	(460,380)	838,000	-	(837,019)	-	(459,399)	(d)
CAL114	I-5/56 Interchange	(164,888)	198,000	-	(80,633)	-	(47,521)	(d)
CAL277A	SR78/I-5 Express Lanes	(23,236)	559,000	-	(876,246)	-	(340,482)	(d)
CAL278	SR-78 HOV / Managed Lanes	-	-	-	-	-	-	
CAL 538	SR-67 Improvements	-	12,000	-	(10,528)	-	1,472	
CAL 547	CML-6211 (155) Transit Connection	-	-	-	(2,300)	-	(2,300)	(d)
CAL 550	CMCP--Coast, Canyons, Trails SR-52	(52,443)	50,747	-	1,696	-	-	
CAL 552	CMCP--South Bay to Sorrento	-	-	-	-	-	-	(c)
CAL 553	CMCP--SPRINTER/Palomar Airport SR78/76	-	-	-	-	-	-	(c)
CAL 571	I-805 Transit Priority Lanes (15 to 52)	-	202,000	-	(677,285)	-	(475,285)	(d)
SAN23	Mid-Coast LRT	(16,517)	-	-	(3,466)	-	(19,983)	(d)
SAN26 C	I-15 BRT Stations - South	-	-	-	-	-	-	(c)
SAN47	I-805 BRT	-	-	-	-	-	-	
SAN73	San Elijo Lagoon Double Track	-	-	-	-	-	-	
SAN73A	Chesterfield Dr Crossing	-	-	-	-	-	-	
SAN 183	Batiquitos Lagoon Double Track	-	-	-	(245,856)	-	(245,856)	(d)
SAN224	I-805/SR-94 Bus on Shoulder Demonstration	(2,058)	2,058	-	-	-	-	
SAN253	CMCP--Central Mobility Hub Connections/Military	-	-	-	-	-	-	(c)
V-11	SR-11	(5,685)	5,685	-	(165,248)	-	(165,248)	(d)
V-15	I-5 Gilman Dr Bridge	(7,922)	7,922	-	-	-	-	
V-18	I-5 Voigt	-	-	-	-	-	-	
V-22	CMCP--San Vicente Corridor SR 67	-	-	-	-	-	-	(c)
1200100	Program Office	-	-	-	(569)	-	(569)	(d)
	Total Major Corridor	\$ (3,498,284)	\$ 5,443,182	\$ -	\$ 646,733	\$ -	\$ 2,591,631	

(Continued)

SCHEDULE A

CALTRANS TransNet and TransNet Extension Activities Schedule of Status of Funds by Project (Continued) Year Ended June 30, 2024

MPO ID/ Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2024	Notes
Major Corridor Environmental: Mitigation Program (MC EMP):								
V-07	Mitigation Program	\$ 16,446,020	\$ (10,272,810)	\$ -	\$ (11,836,348)	\$ -	\$ (5,663,138)	(d)
	Total MC EMP	16,446,020	(10,272,810)	-	(11,836,348)	-	(5,663,138)	
TransNet Bike, Pedestrian & Neighborhood Safety (BPNS) Program:								
CAL330	SR-15 Bike Path	-	-	-	-	-	-	(c)
SAN156	Coastal Rail Trail: E St to Chesterfield	185,712	-	-	-	-	185,712	(e)
	Total TransNet BPNS Program	185,712	-	-	-	-	185,712	
	Total TransNet Extension	\$ 13,133,448	\$ (4,829,628)	\$ -	\$ (11,189,615)	\$ -	\$ (2,885,795)	
	Total TransNet and TransNet Extension	\$ 13,147,312	\$ (4,829,628)	\$ -	\$ (11,189,615)	\$ -	\$ (2,871,931)	

Notes:

- (a) All projects related to CAL 26 in the TransNet Highway section are still in the final voucher process and the goal is to complete it by FY 2025.
- (b) Expenditure posted in error and will be removed in FY 2025--Negative ending balance will be removed once 100% of the expenditure is removed.
- (c) Project is complete.
- (d) Negative ending balance will be removed with the next invoice to SANDAG in FY 2025.
- (e) Project is completed and in the process of close out.

SCHEDULE B

CALTRANS TransNet Extension Activities Cumulative Schedule of Status of Funds by Project Year Ended June 30, 2024

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:					
Major Corridor:					
CAL09	I-5 North Coast	\$ 105,216,460	\$ -	\$ (104,127,689)	\$ 1,088,771
CAL09 C	I-805 HOV / Carroll Canyon DAR	27,274,289	-	(27,274,289)	-
CAL09 D	5/805 Conversion to Express	340,000	-	(278,508)	61,492
CAL18 B	Mira Mesa DAR and Bus Station	-	-	(14,643)	(14,643)
CAL29	SR 76 Middle	39,397,631	-	(39,397,631)	-
CAL29 B	SR 76 East	48,901,495	-	(44,436,970)	4,464,525
CAL38	SR-905 New Freeway	612,440	-	(612,440)	-
CAL67	SR-94 HOV	8,281,707	-	(8,270,877)	10,830
CAL68	94/125 S to E Connector	424,079	-	(423,979)	100
CAL75	I-5 Genesee	13,167,317	-	(14,433,556)	(1,266,239)
CAL78 B	I-805 North	12,285,517	-	(12,285,517)	-
CAL78 C	I-805 South	135,810,214	-	(135,808,248)	1,966
CAL78 D	I-805 South Soundwalls	6,752,374	-	(7,211,773)	(459,399)
CAL114	I-5/56 Interchange	1,694,000	-	(1,741,521)	(47,521)
CAL 277A	SR78/I-5 Express Lanes	3,187,523	-	(3,528,005)	(340,482)
CAL 278	SR-78 HOV / Managed Lanes	1,662,367	-	(1,662,367)	-
CAL 538	SR-67 Improvements	12,000	-	(10,528)	1,472
CAL 547	CML-6211 (155) Transit Connection	-	-	(2,300)	(2,300)
CAL 550	CMCP--Coast, Canyons, Trails SR-52	(23,638)	-	23,638	-
CAL 552	CMCP--South Bay to Sorrento	258,575	-	(258,575)	-
CAL 553	CMCP--SPRINTER/Palomar Airport SR78/76	301,846	-	(301,846)	-
CAL 571	I-805 Transit Priority Lanes (15 to 52)	202,000	-	(677,285)	(475,285)
SAN23	Mid-Coast LRT	444,000	-	(463,983)	(19,983)
SAN26 C	I-15 BRT Stations - South	11,994,074	-	(11,994,074)	-
SAN47	I-805 BRT	2,939,727	-	(2,939,727)	-
SAN73	San Elijo Lagoon Double Track	7,786,582	-	(7,786,582)	-
SAN73A	Chesterfield Dr Crossing	3,154,106	-	(3,154,106)	-
SAN 183	Batiquitos Lagoon Double Track	655,365	-	(901,221)	(245,856)
SAN224	I-805/SR-94 Bus on Shoulder Demonstration	128,058	-	(128,058)	-
SAN253	CMCP--Central Mobility Hub Connections/Military	38,099	-	(38,099)	-
V-11	SR-11	1,931,235	-	(2,096,483)	(165,248)
V-15	I-5 Gilman Dr Bridge	130,921	-	(130,921)	-
V-18	I-5 Voigt	686,952	-	(686,952)	-
V-22	CMCP--San Vicente Corridor SR 67	11,910	-	(11,910)	-
1200100	Program Office	221,956	-	(222,525)	(569)
Total Major Corridor		435,881,181	-	(433,289,550)	2,591,631

(Continued)

SCHEDULE B

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
<i>TransNet</i> Extension:					
MC EMP					
V-07	Mitigation Program	\$ 181,519,882	\$ -	\$ (187,183,020)	\$ (5,663,138)
	Total MC EMP	181,519,882	-	(187,183,020)	(5,663,138)
<i>TransNet</i> BPNS Program:					
CAL330	SR-15 Bike Path	2,905,773	-	(2,905,773)	-
SAN156	Coastal Rail Trail: E St to Chesterfield	4,786,000	-	(4,600,288)	185,712
	Total <i>TransNet</i> BPNS Program	7,691,773	-	(7,506,061)	185,712
	Subtotal Cumulative <i>TransNet</i> Extension	625,092,836	-	(627,978,631)	(2,885,795)
Completed Projects:					
	Major Corridor	221,963,888	-	(221,963,888)	-
	Mitigation Program (MC EMP)	14,279,000	-	(14,279,000)	-
	<i>TransNet</i> Local Program	3,093,119	-	(3,093,119)	-
	Total Completed Projects	239,336,007	-	(239,336,007)	-
	Total Cumulative <i>TransNet</i> Extension	\$ 864,428,843	\$ -	\$ (867,314,638)	\$ (2,885,795)

CITY OF CARLSBAD, CALIFORNIA

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

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Carlsbad, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$3,722,418. We selected \$1,800,942 (48.38%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

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

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2024. The City allocates indirect costs to capital projects by using the employee's direct cost charged to a project and multiplying it by an allocation percentage of 116%, which was determined by a consultant. The City allocated a total of \$93,791 of indirect costs in the RTIP, resulting in 2.52% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA but has been approved by management and City Council during FY21. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

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

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

Results: This procedure is not applicable as there were no inactive projects during FY24.

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

Results: This procedure is not applicable as there were no inactive projects during FY24.

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

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

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY24.

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

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

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

Fiscal year 2024 apportionment	\$4,844,235
Less: debt service payment	<u>-</u>
Net estimated apportionment	4,844,235
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>1,453,271</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	655,363
Maintenance fund balance	<u>(435,446)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>219,917</u>
Fund balance under apportionment	<u>\$1,233,354</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 655,363	\$14,445,697	\$15,101,060
Maintenance	<u>(435,446)</u>	<u>16,433,631</u>	<u>15,998,185</u>
Totals	<u>\$ 219,917</u>	<u>\$30,879,328</u>	<u>\$31,099,245</u>

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

Results: The City has expended 3.29% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$29,236,257	\$11,666,167	\$40,902,424
Maintenance	1,579,825	15,267,970	16,847,795
Interest	<u>122,956</u>	<u>3,945,191</u>	<u>4,068,147</u>
 Total local street and road revenue	 <u>\$30,939,038</u>	 <u>\$30,879,328</u>	 <u>\$61,818,366</u>
 30% of total local street and road revenue			\$18,545,510
Less maintenance expenditures incurred to date			<u>(2,034,308)</u>
 Available maintenance funds			<u>\$16,511,202</u>
 Cumulative percentage expended for maintenance			<u>3.29%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

- a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$234,094,927</u>	<u>\$177,085,370</u>	<u>1.32</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.32.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$4,250,218
Growth Rate	<u>1.32</u>
Adjusted MOE base as of June 30, 2024	<u>\$5,610,288</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$15,263,320
Less MOE base year requirement	<u>(4,250,218)</u>
Excess MOE for the year ended June 30, 2024	<u>\$11,013,102</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$244,021. We selected \$49,619 (20.33%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures for the fiscal year ending June 30, 2024.

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

Results: This procedure is not applicable as RCTIP payroll amounts did not exceed the 20% threshold during FY24.

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation on October 7, 2024.

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarrLLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

"TransNet Extension Ordinance" means the 2004 Proposition A.

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

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA

TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CB44	N/A	Regional Arterial Management Systems	\$ -	\$ 11,700	\$ -	\$ (11,700)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	11,700	-	(11,700)	-	-	
Congestion Relief:									
CB12	36364	College Rch A, Cannon Reach 4A	187,469	-	-	(118)	-	187,351	
CB17	60143	Carlsbad Blvd Bridge - Powerplant	48,392	-	-	-	(48,392)	-	(a)
CB17	60532	CB Blvd Railing East Side	9,728	-	-	-	(9,728)	-	(a)
		Total CB17 Projects	58,120	-	-	-	(58,120)	-	
CB20	60011	Pavement Management - Overlay	212,713	120,000	-	(65,589)	-	267,124	
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	324,267	110,000	-	(328,615)	-	105,652	
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	113,625	-	-	-	(113,625)	-	(a)
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	6,483	-	-	-	(6,483)	-	(a)
CB36	60311	Carlsbad Blvd Realignment	(74,002)	120,000	-	(36,688)	-	9,310	
CB43	60491	ADA Improvements	(362,346)	1,020,000	-	(592,499)	178,228	243,383	(a)
CB46	60543	Terramar Area Coastal Improvements	(579)	-	-	(10,765)	-	(11,344)	(b)
CB49	60751	Kelly and Park Dr. Street Improvements	(48,254)	45,000	-	(22,872)	-	(26,126)	(b)
CB52	40152	Village/Barrio Traffic Circles	59,414	260,000	-	(102,301)	-	217,113	
CB53	60681	Carlsbad Blvd. Pedestrian Roadway Lighting	33,254	-	-	(29,198)	-	4,056	
CB59	60941	ECR Wid-SunnyCrk to Jackspar	(186,018)	120,000	-	(255,154)	-	(321,172)	(b)
CB62	40134	Barrio Street Lighting	(1,935)	-	-	(36,793)	-	(38,728)	(b)
CB63	60193	Valley St. and Magnolia Ave Complete Streets	(1,990)	1,200,000	-	(1,198,009)	-	1	
		Interest Income	13,542	-	5,201	-	-	18,743	
		Total Congestion Relief	333,763	2,995,000	5,201	(2,678,601)	-	655,363	
Maintenance:									
CB58	60622	Street Light Bulb Replacement Program	313,831	-	-	(757,309)	-	(443,478)	(b)
		Interest Income	5,803	-	2,229	-	-	8,032	
		Total Maintenance	319,634	-	2,229	(757,309)	-	(435,446)	
		Total Local Street Improvements	653,397	3,006,700	7,430	(3,447,610)	-	219,917	

(Continued)

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
Bikes and Pedestrian (BPNS):									
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	\$ (136,202)	\$ 165,851	\$ -	\$ (274,808)	\$ -	\$ (245,159)	(b)
		Total Bikes and Pedestrian (BPNS):	(136,202)	165,851	-	(274,808)	-	(245,159)	
		Total <i>TransNet</i> Extension	517,195	3,172,551	7,430	(3,722,418)	-	(25,242)	
		GASB 31 Fair Market Value Adjustment	(41,249)	-	11,820	-	-	(29,429)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	475,946	3,172,551	19,250	(3,722,418)	-	(54,671)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>	\$ 475,946	\$ 3,172,551	\$ 19,250	\$ (3,722,418)	\$ -	\$ (54,671)	

Notes:

- (a) The City obtained council approval via Resolution No. 2024-141 to transfer funds from MPO ID's CB17, CB34 and CB35 to CB43. The movement of funds is due to projects being completed and moving remaining funds to an existing project.
- (b) The City will be drawing funds to clear negative balances in FY25.

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CB44	N/A	Regional Arterial Management Systems	\$ 140,400	\$ -	\$ (140,400)	\$ -
		Total Congestion Relief-Pass Through	140,400	-	(140,400)	-
Congestion Relief:						
CB12	36364	College Rch A, Cannon Reach 4A	716,900	-	(529,549)	187,351
CB17	60143	Carlsbad Blvd Bridge-Powerplant	183,886	2,224	(186,110)	-
CB17	60532	CB Blvd Railing East Side	272	433	(705)	-
CB20	60011	Pavement Management - Overlay	10,606,709	18,059	(10,357,644)	267,124
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	582,000	1,790	(478,138)	105,652
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	723,375	3,032	(726,407)	-
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	228,517	3,906	(232,423)	-
CB36	60311	Carlsbad Blvd Realignment	3,160,135	14,529	(3,165,354)	9,310
CB43	60491	ADA Improvements	2,893,228	1,308	(2,651,153)	243,383
CB46	60543	Terramar Area Coastal Improvements	-	-	(11,344)	(11,344)
CB49	60751	Kelly and Park Dr. Street Improvements	796,000	991	(823,117)	(26,126)
CB52	40152	Adaptive Traffic Signal Program	937,000	50	(719,937)	217,113
CB53	60681	Village/Barrio Traffic Circles	65,000	1,628	(62,572)	4,056
CB59	60941	Carlsbad Blvd. Pedestrian Roadway Lighting	458,000	-	(779,172)	(321,172)
CB62	40134	ECR Wid-SunnyCrk to Jackspar	-	-	(38,728)	(38,728)
CB63	60193	Barrio Street Lighting	1,200,000	-	(1,199,999)	1
		Interest Income	-	18,743	-	18,743
		Total Congestion Relief	22,551,022	66,693	(21,962,352)	655,363
Maintenance:						
CB58	60622	Street Light Bulb Replacement Program	1,295,000	10,988	(1,749,466)	(443,478)
		Interest Income	-	8,032	-	8,032
		Total Maintenance	1,295,000	19,020	(1,749,466)	(435,446)
		Total Local Street Improvements	23,986,422	85,713	(23,852,218)	219,917

(Continued)

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
Bikes and Pedestrian (BPNS):						
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	\$ 318,318	\$ 114	\$ (563,591)	\$ (245,159)
		Total Bikes and Pedestrian (BPNS):	318,318	114	(563,591)	(245,159)
		Subtotal Cumulative <i>TransNet</i> Extension	24,304,740	85,827	(24,415,809)	(25,242)
Completed Projects:						
		Congestion Relief	6,544,835	37,112	(6,581,947)	-
		Maintenance	284,825	17	(284,842)	-
		Bikes and Pedestrian	564,048	-	(564,048)	-
		Environmental Mitigation Grant	384,947	-	(384,947)	-
		Total Completed Projects	7,778,655	37,129	(7,815,784)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 32,083,395	\$ 122,956	\$ (32,231,593)	\$ (25,242)

SCHEDULE C

CITY OF CARLSBAD, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Spend funds	MPO ID	Cumulative					Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed	June 30, 2024	June 30, 2023
For Fiscal Year ended June 30, 2017	June 30, 2024	CB04A	\$ 1,727,814	\$ -	\$ (1,727,814)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	CB04A	751,460	-	(751,460)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	CB04A	715,030	-	(699,760)	-	-	15,270	259,291
For Fiscal Year ended June 30, 2020	June 30, 2027	CB04A	773,020	-	-	-	-	773,020	773,020
For Fiscal Year ended June 30, 2021	June 30, 2028	CB04A	373,424	-	-	-	-	373,424	373,424
For Fiscal Year ended June 30, 2022	June 30, 2029	CB31	57,981	-	-	-	-	57,981	57,981
For Fiscal Year ended June 30, 2023	June 30, 2030	CB31	755,387	-	-	-	-	755,387	755,387
For Fiscal Year ended June 30, 2024	June 30, 2031	CB31	765,010	-	-	-	-	765,010	-
Interest Income			-	215,096	-	-	-	215,096	139,197
Total RTCIP Funds			<u>\$ 5,919,126</u>	<u>\$ 215,096</u>	<u>\$ (3,179,034)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,955,188</u>	<u>\$ 2,358,300</u>

CITY OF CHULA VISTA, CALIFORNIA

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

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Chula Vista, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$3,410,530. We selected \$1,110,898 (32.57%) 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 inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

Results: The City recorded total *TransNet* payroll expenditures in the amount of \$1,565,176, which represented 45.89% of total expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

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

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2024. The City allocates costs out of their various departments and into capital projects by using the Engineering time directly charged to a project and multiplying the hours worked by the City's fully burdened hourly rate. Department Overhead Rates range from 6.76% to 40.64%, with an average rate of 18.66%. Total staff time costs (which includes both direct and indirect costs) included within projects on the RTIP were \$1,565,176. Total estimated indirect costs were \$246,133, or 7.22% of total *TransNet* expenditures. In order to verify that the City was allocating their indirect cost appropriately, we tested five job positions to ensure that the City was recording their direct and indirect costs properly according to internal project rates. The City's written indirect cost plan was last updated during FY 2021. The plan is approved by Management or another individual within the City. The City's indirect cost plan has not been reviewed by a federal or state agency or audited by an independent CPA firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

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

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

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

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

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

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

Results: We received approved staff resolution R2025-054 for the transfer of funds from MPO IDs CHV77, CHV82 and CHV84 in the amount of \$8,568 to MPO ID CHV88.

- 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 inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and

environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

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

Fiscal year 2024 apportionment	\$9,084,621
Less: debt service payment	<u>-</u>
Net estimated apportionment	9,084,621
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>2,725,386</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	461,416
Maintenance fund balance	<u>(331,907)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>129,509</u>
Fund balance under apportionment	<u>\$2,595,877</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$461,416	\$19,585,467	\$20,046,883
Maintenance	<u>(331,907)</u>	<u>10,198,111</u>	<u>9,866,204</u>
Totals	<u>\$129,509</u>	<u>\$29,783,578</u>	<u>\$29,913,087</u>

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

Results: The City has expended 21.07% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$54,450,604	\$17,456,156	\$71,906,760
Maintenance	22,052,567	9,300,412	31,352,979
Interest	<u>82,699</u>	<u>3,027,006</u>	<u>3,109,705</u>
Total local street and road revenue	<u>\$76,585,870</u>	<u>\$29,783,574</u>	<u>\$106,369,444</u>
30% of total local street and road revenue			\$31,910,833
Less maintenance expenditures incurred to date			<u>(22,408,647)</u>
Available maintenance funds			<u>\$9,502,186</u>
Cumulative percentage expended for maintenance			<u>21.07%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$264,706,174</u>	<u>\$217,347,023</u>	<u>1.22</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.22.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,763,821
Growth Rate	<u>1.22</u>
Adjusted MOE base as of June 30, 2024	<u>\$3,371,862</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.

- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$4,724,990
Less MOE base year requirement	<u>(2,763,821)</u>
Excess MOE for the year ended June 30, 2024	<u>\$1,961,169</u>

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

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

Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

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

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

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

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

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$13,600. We selected \$1,827 (13.43%) for testing. No exceptions noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures for the fiscal year ended June 30, 2024.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation on October 25, 2024.

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2024

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2023</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2024</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CHV39	N/A	Regional Arterial Management Systems	\$ -	\$ 15,500	\$ -	\$ (15,500)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	15,500	-	(15,500)	-	-	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
CHV39	TRF0350	Traffic Signal System Optimization	(2,057)	58,300	-	(55,461)	-	782	
CHV39	TRF0354	Traffic Congestion Relief Program	-	71,800	-	(70,809)	-	991	
CHV39	TRF0400	Signal Retiming of Yellow	(4,680)	272,299	-	(102,344)	-	165,275	
CHV39	TRF0423	Traffic Signal Comm Improv W of 805	600	500	-	(382)	-	718	
CHV39	TRF0426	Adapt Signal Expansion Otay Lakes Rd	(616)	20,700	-	(19,523)	-	561	
		Total CHV39 Projects	(6,753)	423,599	-	(248,519)	-	168,327	
CHV44	TRF0356	Otay Mesa Transportation System	140	-	-	-	-	140	
CHV48	STM0393	Major Pavement Rehabilitation FY17/18	257,726	-	-	(2,900)	(253,000)	1,826	
CHV48	STM0400	RMRA Major Pavement Rehab FY19/20	(271,247)	964,000	-	(688,753)	100,000	104,000	
CHV48	STM0401	RMRA Major Pavement Rehab FY20/21	(497,950)	886,600	-	(387,890)	118,000	118,760	
CHV48	STM0408	Pavement Major Rehabilitation Program	(28,382)	188,128	-	(189,448)	30,000	298	
CHV48	STM0411	Pavement Major Rehabilitation Program	5,910	43,600	-	(53,497)	5,000	1,013	
CHV48	STM0414	Pavement Major Rehabilitation Program FY23/24	-	3,500	-	(3,442)	-	58	
		Total CHV48 Projects	(533,943)	2,085,828	-	(1,325,930)	-	225,955	
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	2,531	30,500	-	(31,218)	-	1,813	
CHV58	STL0442	Alpine (Naples to Emerson)	-	41,000	-	(40,354)	-	646	
CHV58	STM0405	ADA Path Install at Otay Lakes Rd	3,569	-	-	(2,392)	-	1,177	
CHV58	TRF0414	3rd Ave @ Seavale Pedestrian Improv	2,887	5,000	-	(2,205)	-	5,682	
		Total CHV58 Projects	8,987	76,500	-	(76,169)	-	9,318	
		Subtotal Congestion Relief	(531,569)	2,585,927	-	(1,650,618)	-	403,740	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
		Balance carried forward - Congestion Relief	<u>\$ (531,569)</u>	<u>\$ 2,585,927</u>	<u>\$ -</u>	<u>\$ (1,650,618)</u>	<u>\$ -</u>	<u>\$ 403,740</u>	
CHV60	STL0437	EB Right Turn Lane Install/ East H St Study	3,005	-	-	(1,326)	1,143	2,822	
CHV60	TRF0398	Traffic Sig Install at Main St and Jacqua St	3,931	-	-	(767)	-	3,164	
CHV60	TRF0418	Lead Ped Interval Traf Signal Ops	1,791	-	-	-	-	1,791	
CHV60	TRF0424	Ped Hybr Beacon Upgrade	<u>1,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,143)</u>	<u>-</u>	(a)
		Total CHV60 Projects	<u>9,870</u>	<u>-</u>	<u>-</u>	<u>(2,093)</u>	<u>-</u>	<u>7,777</u>	
CHV70	STL0451	Bayshore Bikeway Segment 6A	-	1,000	-	(6,634)	3,765	(1,869)	(b)
CHV70	STM0384	Bike Lanes onBrdwy FsblyStudy	103	-	-	-	(103)	-	(a)
CHV70	STM0392	Bike Lanes on Broadway	<u>3,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,662)</u>	<u>-</u>	(a)
		Total CHV70 Projects	<u>3,765</u>	<u>1,000</u>	<u>-</u>	<u>(6,634)</u>	<u>-</u>	<u>(1,869)</u>	
CHV77	TRF0395	SANDAG MainSt Fiber OpticAddtl	<u>(444)</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>(556)</u>	<u>-</u>	(c)
CHV79	TRF0415	Telegraph Cnyn Rd Raised Median Impvmnts	1,799	27,500	-	(20,911)	-	8,388	
CHV79	TRF0446	Left Turn Imp Bonita Rd@ Bonita Glen	<u>(6,014)</u>	<u>21,000</u>	<u>-</u>	<u>(99,353)</u>	<u>-</u>	<u>(84,367)</u>	(b)
		Total CHV79 Projects	<u>(4,215)</u>	<u>48,500</u>	<u>-</u>	<u>(120,264)</u>	<u>-</u>	<u>(75,979)</u>	
CHV80	STL0406	3rd Ave Streetscp Imprv Phs 3	<u>68,336</u>	<u>-</u>	<u>-</u>	<u>(3,530)</u>	<u>-</u>	<u>64,806</u>	
CHV82	STL0420	Palomar St/Orange Ave Sidewalk	<u>4,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,545)</u>	<u>-</u>	(c)
CHV84	TRF0404	Retiming Signals/ Install Fiber Optic Comm Sys	<u>3,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,467)</u>	<u>-</u>	(c)
CHV88	STL0464	F Street Promenade Phase 1	<u>412</u>	<u>2,000</u>	<u>-</u>	<u>(5,397)</u>	<u>8,568</u>	<u>5,583</u>	(c)
CHV89	TRF0432	Olympic Parkway Safety Enhancements	<u>1,868</u>	<u>5,500</u>	<u>-</u>	<u>(3,571)</u>	<u>-</u>	<u>3,797</u>	
		Interest Income	<u>52,272</u>	<u>-</u>	<u>1,289</u>	<u>-</u>	<u>-</u>	<u>53,561</u>	
		Total Congestion Relief	<u>(391,693)</u>	<u>2,643,927</u>	<u>1,289</u>	<u>(1,792,107)</u>	<u>-</u>	<u>461,416</u>	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
Maintenance:									
CHV06	CTY0219	Pavement Management System	\$ (13,144)	\$ 121,000	\$ -	\$ (107,578)	\$ 79	\$ 357	(a)
CHV06	STL0445	Pavement Minor Rehab	79	-	-	-	(79)	-	
CHV06	STL0455	Pavement Maintenance Program FY21/22	(14,757)	29,000	-	(11,409)	-	2,834	
Total CHV06 Projects			(27,822)	150,000	-	(118,987)	-	3,191	
CHV22	CTY0202	CIP Advanced Planning	(82,340)	90,000	-	(68,079)	-	(60,419)	(b)
CHV22	CTY0208	CIP Management & Equipment Purchase	1,013	5,000	-	(277)	-	5,736	
CHV22	CTY0232	ADA Pedestrian Connectivity Program	890	20,000	-	(19,849)	-	1,041	
CHV22	STM0406	Bay Boulevard at L Street Sidewalk Improvements Study	369	5,500	-	(5,147)	-	722	
Total CHV22 Projects			(80,068)	120,500	-	(93,352)	-	(52,920)	
CHV33	STL0410	Kellog Elem Schl Ped Improvmt	700	-	-	-	(700)	-	(a)
CHV33	STM0380	Sidewalk Replacement E H Street Study	275	-	-	-	(275)	-	(a)
CHV33	TRF0345	School Zone Traffic Calming	(56,830)	154,160	-	(91,236)	2,126	8,220	
CHV33	TRF0384	Lauderbach Elem. Pedestrian Imprv	1,151	-	-	-	(1,151)	-	(a)
CHV33	TRF0417	Enhanced Crosswalks School Zones	(5,840)	5,840	-	-	-	-	(a)
Total CHV33 Projects			(60,544)	160,000	-	(91,236)	-	8,220	
CHV34	SW0292	Indtrl Blvd & Main St Swr Imprv	2,272	-	-	-	-	2,272	(b)
CHV34	TRF0327	Neighborhood Safety Program	(15,219)	261,000	-	(245,508)	-	273	
CHV34	TRF0411	Ped Imprvmnts- Castle Park Middle School	530	53,000	-	(53,354)	-	176	
CHV34	TRF0413	Ladder Crosswalks at Controlled Intersections Program	2,171	-	-	(1,441)	-	730	
CHV34	TRF0416	Intersection Safety Improvements	5,784	50,800	-	(56,302)	-	282	
CHV34	TRF0422	Radar Speed Feedback Signs	910	49,200	-	(59,429)	-	(9,319)	
CHV34	TRF0429	Pedestr and Guardrail Imprv Various	141	119,000	-	(118,636)	-	505	
Total CHV34 Projects			(3,411)	533,000	-	(534,670)	-	(5,081)	
Subtotal Maintenance			(171,845)	963,500	-	(838,245)	-	(46,590)	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
		Balance carried forward - Maintenance	\$ (171,845)	\$ 963,500	\$ -	\$ (838,245)	\$ -	\$ (46,590)	
CHV35	STM0369	Bikeway Facilities Gap Project	49	9,200	-	(65,383)	-	(56,134)	(b)
CHV35	TRF0332	Signing and Stripping Program	109	13,800	-	(13,713)	-	196	
CHV35	TRF0366	Traffic Signal & St. Lighting Upgrade / Maint.	221	44,000	-	(43,408)	-	813	
CHV35	TRF0421	Engineering & Traffic Survey Updates Program	497	11,500	-	(11,750)	-	247	
		Total CHV35 Projects	876	78,500	-	(134,254)	-	(54,878)	
CHV45	TRF0321	Citywide Traffic Count Program	(2,066)	20,516	-	(2,961)	-	15,489	
CHV45	TRF0354	Traffic Congestion Relief Program	(5,484)	5,484	-	-	-	-	
		Total CHV45 Projects	(7,550)	26,000	-	(2,961)	-	15,489	
CHV50	DR0205	CMP Rehabilitation In Right of Way FY17/18	15,186	-	-	-	(15,186)	-	(a)
CHV50	DR0217	CMP Repair ROW FY20/21	(4,899)	37,000	-	(304,009)	15,186	(256,722)	(b)
CHV50	STM0385	Bridge Maintenance	12,726	-	-	(11,961)	-	765	
		Total CHV50 Projects	23,013	37,000	-	(315,970)	-	(255,957)	
CHV75	STL0432	ADA Pedestrian Curb Ramps Program FY18/19	455	-	-	-	(455)	-	(a)
CHV75	STL0447	ADA Pedestrian Curb Ramps Prog	453	-	-	-	(453)	-	(a)
CHV75	STL0448	Sidewalk Replacement Program FY20/21	568	2,000	-	(1,417)	-	1,151	
CHV75	STL0454	ADA Pedestrian Curb Ramps Program FY21/22	2,034	47,000	-	(91,980)	908	(42,038)	(b)
CHV75	STL0461	ADA Pedestrian Curb Ramps FY22/23	265	74,000	-	(73,578)	-	687	
		Total CHV75 Projects	3,775	123,000	-	(166,975)	-	(40,200)	
CHV83	STL0404	Bikeway Master Plan2016 Update	5,589	-	-	-	(5,589)	-	(a)
CHV83	STM0394	Local Street Utility Undergrounding District	18,169	-	-	(2,328)	5,589	21,430	
CHV83	STM0407	F Street Undergrounding Phase 2 - Street Light Design	15,549	-	-	-	-	15,549	
		Total CHV83 Projects	39,307	-	-	(2,328)	-	36,979	
		Subtotal Maintenance	(112,424)	1,228,000	-	(1,460,733)	-	(345,157)	

(Continued)

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
		Balance carried forward - Maintenance	\$ (112,424)	\$ 1,228,000	\$ -	\$ (1,460,733)	\$ -	\$ (345,157)	
CHV90	TRF0427	North Second Avenue Shoulder Improv	1,486	131,000	-	(142,190)	-	(9,704)	
		Interest Income	22,402	-	552	-	-	22,954	
		Total Maintenance	(88,536)	1,359,000	552	(1,602,923)	-	(331,907)	
		Total Local Street Improvements	(480,229)	4,018,427	1,841	(3,410,530)	-	129,509	
		Total <i>TransNet</i> Extension	(480,229)	4,018,427	1,841	(3,410,530)	-	129,509	
		GASB 31 Market Value Adjustment	(3,061)	-	-	-	3,061	-	(d)
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (483,290)	\$ 4,018,427	\$ 1,841	\$ (3,410,530)	\$ 3,061	\$ 129,509	

Notes:

- (a) CIP Project complete. Remaining funds were redistributed within same MPO ID.
- (b) Deficit will be covered by drawdown in FY 2025.
- (c) Adjustment reflects the transfer of funds totaling \$8,568 (\$556 from TRF0395/CHV77, \$4,545 from STL0420/CHV82, and \$3,467 from TRF0404/CHV84) from completed projects to active project STL0464/CHV88.
- (d) Adjustment is to remove GASB 31 from Schedule A presentation.

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CHV39	N/A	Regional Arterial Management Systems	\$ 186,000	\$ -	\$ (186,000)	\$ -
		Total Congestion Relief-Pass Through	186,000	-	(186,000)	-
Congestion Relief:						
CHV39	TRF0350	Traffic Signal System Optimization	2,055,213	833	(2,055,264)	782
CHV39	TRF0354	Traffic Congestion Relief Program	71,800	-	(70,809)	991
CHV39	TRF0400	Signal Retiming of Yellow	455,275	-	(290,000)	165,275
CHV39	TRF0423	Traffic Signal Comm Improv W of 805	5,795	-	(5,077)	718
CHV39	TRF0426	Adapt Signal Expansion Otay Lakes Rd	34,399	-	(33,838)	561
		Total CHV39 Projects	2,622,482	833	(2,454,988)	168,327
CHV44	TRF0356	Otay Mesa Transportation System	31,455	-	(31,315)	140
CHV48	STM0393	Major Pavement Rehabilitation FY17/18	2,884,082	-	(2,882,256)	1,826
CHV48	STM0400	RMRA Major Pavement Rehab FY19/20	1,238,000	-	(1,134,000)	104,000
CHV48	STM0401	RMRA Major Pavement Rehab FY20/21	1,035,600	-	(916,840)	118,760
CHV48	STM0408	Pavement Major Rehabilitation Program	604,123	-	(603,825)	298
CHV48	STM0411	Pavement Major Rehabilitation Program	76,600	-	(75,587)	1,013
CHV48	STM0414	Pavement Major Rehabilitation Program FY23/24	3,500	-	(3,442)	58
		Total CHV 48 Projects	5,841,905	-	(5,615,950)	225,955
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	685,619	-	(683,806)	1,813
CHV58	STL0442	Alpine (Naples to Emerson)	41,000	-	(40,354)	646
CHV58	STM0405	ADA Path Install at Otay Lakes Rd	7,556	-	(6,379)	1,177
CHV58	TRF0414	3rd Ave @ Seavale Pedestrian Improv	16,864	-	(11,182)	5,682
		Total CHV58 Projects	751,039	-	(741,721)	9,318
		Subtotal Congestion Relief	9,246,881	833	(8,843,974)	403,740

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
		Congestion Relief balance carried forward	\$ 9,246,881	\$ 833	\$ (8,843,974)	\$ 403,740
CHV60	STL0437	EB Right Turn Lane Install/ East H St Study	8,106	-	(5,284)	2,822
CHV60	TRF0398	Traffic Sig Install at Main St and Jacqua St	13,815	-	(10,651)	3,164
CHV60	TRF0418	Lead Ped Interval Traf Signal Ops	101,100	-	(99,309)	1,791
CHV60	TRF0424	Ped Hybr Beacon Upgrade	192,802	-	(192,802)	-
		Total CHV60 Projects	315,823	-	(308,046)	7,777
CHV70	STL0451	Bayshore Bikeway Segment 6A	4,765	-	(6,634)	(1,869)
CHV70	STM0384	Bike Lanes onBrdwy FsbiltyStudy	1,995,392	-	(1,995,392)	-
CHV70	STM0392	Bike Lanes on Broadway	966,761	-	(966,761)	-
		Total CHV70 Projects	2,966,918	-	(2,968,787)	(1,869)
CHV77	TRF0395	SANDAG Main St Fiber OpticAddtl	41,974	-	(41,974)	-
CHV79	TRF0415	Telegraph Cnyn Rd Raised Median Impvmnts	104,792	-	(96,404)	8,388
CHV79	TRF0446	Left Turn Imp Bonita Rd@ Bonita Glen	69,830	-	(154,197)	(84,367)
		Total CHV79 Projects	174,622	-	(250,601)	(75,979)
CHV80	STL0406	3rd Ave Streetscp Imprv Phs 3	2,644,038	-	(2,579,232)	64,806
CHV82	STL0420	Palomar St/Orange Ave Sidewalk	598,836	-	(598,836)	-
CHV84	TRF0404	Retiming Signals/ Install Fiber Optic Comm Sys	923,383	-	(923,383)	-
CHV88	STL0464	F Street Promenade Phase 1	13,068	-	(7,485)	5,583
CHV89	TRF0432	Olympic Parkway Safety Enhancements	11,500	-	(7,703)	3,797
		Interest Income	-	53,561	-	53,561
		Total Congestion Relief	16,937,043	54,394	(16,530,021)	461,416

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
Maintenance:						
CHV06	CTY0219	Pavement Management System	\$ 1,533,767	\$ -	\$ (1,533,410)	\$ 357
CHV06	STL0445	Pavement Minor Rehab	32,353	-	(32,353)	-
CHV06	STL0455	Pavement Maintenance Program FY21/22	152,800	-	(149,966)	2,834
Total CHV06 Projects			1,718,920	-	(1,715,729)	3,191
CHV22	CTY0202	CIP Advanced Planning	919,448	-	(979,867)	(60,419)
CHV22	CTY0208	CIP Management & Equipment Purchase	50,873	-	(45,137)	5,736
CHV22	CTY0232	ADA Pedestrian Connectivity Program	42,950	-	(41,909)	1,041
CHV22	STM0406	Bay Boulevard at L Street Sidewalk Improvements Study	50,200	-	(49,478)	722
Total CHV 22 Projects			1,063,471	-	(1,116,391)	(52,920)
CHV33	STL0410	Kellog Elem Schl Ped Improvmt	224,993	-	(224,993)	-
CHV33	STM0380	Sidewalk Replacement E H Street Study	148,337	-	(148,337)	-
CHV33	TRF0345	School Zone Traffic Calming	815,646	-	(807,426)	8,220
CHV33	TRF0384	Lauderbach Elem. Pedestrian Imprv	362,645	-	(362,645)	-
CHV33	TRF0417	Enhanced Crosswalks School Zones	37,840	-	(37,840)	-
Total CHV 33 Projects			1,589,461	-	(1,581,241)	8,220
CHV34	SWR0292	Indtrl Blvd & Main St Swr Imprv	142,401	-	(140,129)	2,272
CHV34	TRF0327	Neighborhood Safety Program	2,288,008	-	(2,287,735)	273
CHV34	TRF0411	Ped Imprvmnts- Castle Park Middle School	71,069	-	(70,893)	176
CHV34	TRF0413	Ladder Crosswalks at Controlled Intersections Program	21,806	-	(21,076)	730
CHV34	TRF0416	Intersection Safety Improvements	256,300	-	(256,018)	282
CHV34	TRF0422	Radar Speed Feedback Signs	52,100	-	(61,419)	(9,319)
CHV34	TRF0429	Pedestr and Guardrail Imprv Various	162,800	-	(162,295)	505
Total CHV 34 Projects			2,994,484	-	(2,999,565)	(5,081)
Subtotal Maintenance			7,366,336	-	(7,412,926)	(46,590)

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
		Maintenance balance carried forward	\$ 7,366,336	\$ -	\$ (7,412,926)	\$ (46,590)
CHV35	STM0369	Bikeway Facilities Gap Project	67,400	-	(123,534)	(56,134)
CHV35	TRF0332	Signing and Stripping Program	549,463	-	(549,267)	196
CHV35	TRF0366	Traffic Signal & St. Lighting Upgrade / Maint.	2,193,248	-	(2,192,435)	813
CHV35	TRF0421	Engineering & Traffic Survey Updates Program	14,241	-	(13,994)	247
		Total CHV 35 Projects	2,824,352	-	(2,879,230)	(54,878)
CHV45	TRF0321	Citywide Traffic Count Program	542,207	-	(526,718)	15,489
CHV45	TRF0354	Traffic Congestion Relief Program	76,028	-	(76,028)	-
		Total CHV 45 Projects	618,235	-	(602,746)	15,489
CHV50	DR0205	CMP Rehabilitation In Right of Way FY17/18	2,100,164	-	(2,100,164)	-
CHV50	DR0217	CMP Repair ROW FY20/21	153,736	-	(410,458)	(256,722)
CHV50	STM0385	Bridge Maintenance	138,485	-	(137,720)	765
		Total CHV 50 Projects	2,392,385	-	(2,648,342)	(255,957)
CHV75	STL0432	ADA Pedestrian Curb Ramps Program FY18/19	375,048	-	(375,048)	-
CHV75	STL0447	ADA Pedestrian Curb Ramps Program	249,571	-	(249,571)	-
CHV75	STL0448	Sidewalk Replacement Program FY20/21	87,163	-	(86,012)	1,151
CHV75	STL0454	ADA Pedestrian Curb Ramps Program FY21/22	75,968	-	(118,006)	(42,038)
CHV75	STL0461	ADA Pedestrian Curb Ramps FY22/23	84,100	-	(83,413)	687
		Total CHV 75 Projects	871,850	-	(912,050)	(40,200)
CHV83	STL0404	Bikeway Master Plan 2016 Update	63,539	-	(63,539)	-
CHV83	STM0394	Local Street Utility Undergrounding District	95,929	-	(74,499)	21,430
CHV83	STM0407	F Street Undergrounding Phase 2 - Street Light Design	24,801	-	(9,252)	15,549
		Total CHV 83 Projects	184,269	-	(147,290)	36,979
		Subtotal Maintenance	14,257,427	-	(14,602,584)	(345,157)

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

<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, 2024</u>
		Maintenance balance carried forward	\$ 14,257,427	\$ -	\$ (14,602,584)	\$ (345,157)
CHV90	TRF0427	North Second Avenue Shoulder Improv	161,000	-	(170,704)	(9,704)
		Interest Income	-	22,954	-	22,954
		Total Maintenance	14,418,427	22,954	(14,773,288)	(331,907)
		Total Local Street Improvements	31,541,470	77,348	(31,489,309)	129,509
		Subtotal Cumulative <i>TransNet</i> Extension	31,541,470	77,348	(31,489,309)	129,509
		Completed Projects:				
		LSI - Congestion Relief	37,327,561	4,132	(37,331,693)	-
		LSI - Maintenance	7,634,140	1,219	(7,635,359)	-
		Major Corridor Environmental Mitigation	1,072,678	-	(1,072,678)	-
		Smart Growth	6,252,698	-	(6,252,698)	-
		Bike and Pedestrian	828,582	-	(828,582)	-
		Total Completed Projects	53,115,659	5,351	(53,121,010)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 84,657,129	\$ 82,699	\$ (84,610,319)	\$ 129,509

SCHEDULE C

CITY OF CHULA VISTA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2024	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2024	June 30, 2023
For Fiscal Year ended June 30, 2017	June 30, 2024	CHV45	\$ 5,708	\$ -	\$ (5,708)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	CHV45	389,773	-	(38,967)	-	-	350,806	364,406
For Fiscal Year ended June 30, 2019	June 30, 2026		120,066	-	-	-	-	120,066	120,066
For Fiscal Year ended June 30, 2020	June 30, 2027		68,068	-	-	-	-	68,068	68,068
For Fiscal Year ended June 30, 2021	June 30, 2028		564,393	-	-	-	-	564,393	564,393
For Fiscal Year ended June 30, 2022	June 30, 2029		1,033,556	-	-	-	-	1,033,556	1,033,556
For Fiscal Year ended June 30, 2023	June 30, 2030		1,213,000	-	-	-	-	1,213,000	1,213,000
For Fiscal Year ended June 30, 2024	June 30, 2031		256,453	-	-	-	-	256,453	-
Interest Income			-	246,685	-	-	-	246,685	150,391
Subtotal RTCIP Funds			3,651,017	246,685	(44,675)	-	-	3,853,027	3,513,880
GASB 31 Market Value Adjustment			-	77,225	-	-	-	77,225	(63,615)
Total RTCIP Funds			\$ 3,651,017	\$ 323,910	\$ (44,675)	\$ -	\$ -	\$ 3,930,252	\$ 3,450,265

CITY OF CORONADO, CALIFORNIA

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

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Coronado, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$210,047. We selected \$71,272 (33.93%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no payroll expenditures identified during FY24.

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

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

Results: This procedure is not applicable as there were no indirect costs allocated during FY24.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City had no non-*TransNet* activity included within Schedule A in FY24.

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

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

- 8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more

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

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

Fiscal year 2024 apportionment	\$797,420
Less: debt service payment	<u>-</u>
Net estimated apportionment	797,420
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>239,226</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(44,832)
Maintenance fund balance	<u>(3,620)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(48,452)</u>
Fund balance under apportionment	<u>\$287,678</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$(44,832)	\$845,656	\$800,824
Maintenance	<u>(3,620)</u>	<u>2,893,989</u>	<u>2,890,369</u>
Totals	<u>\$(48,452)</u>	<u>\$3,739,645</u>	<u>\$3,691,193</u>

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

Results: The City has expended 3.59% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$6,629,514	\$553,204	\$7,182,718
Maintenance	382,949	2,778,142	3,161,091
Interest	<u>22,018</u>	<u>408,299</u>	<u>430,316</u>
 Total local street and road revenue	 <u>\$7,034,481</u>	 <u>\$3,739,645</u>	 <u>\$10,774,125</u>
 30% of total local street and road revenue			 \$3,232,238
Less maintenance expenditures incurred to date			<u>(386,910)</u>
 Available maintenance funds			 <u>\$2,845,328</u>
 Cumulative percentage expended for maintenance			 <u>3.59%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$86,218,210</u>	<u>\$58,950,751</u>	<u>1.46</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.46.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$620,164
Growth Rate	<u>1.46</u>
Adjusted MOE base as of June 30, 2024	<u>\$905,439</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$1,454,395
Less MOE base year requirement	<u>(620,164)</u>
Excess MOE for the year ended June 30, 2024	<u>\$ 834,231</u>

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

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

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

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

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

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

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

Results: The City did not consistently collect the required exaction fee amount of \$2,741.97. For one permit issued, the exaction fee collected was based upon the prior year's exaction fee amount. This resulted in an under-collection of the exaction fee in the amount of \$53.76. 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: The City did not expend or commit exaction fees collected within the required seven-year timeframe. See Finding 2 in the Findings and Recommendations Section within the report.

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

Results: The City did not expend or commit exaction fees collected within the required seven-year timeframe. See Finding 2 in the Findings and Recommendations Section within the report.

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2024.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for the fiscal year ending June 30, 2024.

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

Results: This procedure is not applicable as there were no RTCIP payroll expenditures for the fiscal year ending June 30, 2024.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation on October 18, 2024.

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

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

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

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

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

Results: The City had one prior year finding relating to the City not consistently collecting the required exaction fee amount of \$2,635.50. For two permits issued, the exaction fee collected was based upon the prior year's exaction fee amount. Per further discussion with the City, it was determined that the City was not able to collect those funds and will record them as a receivable until FY25. In FY25 the City

will transfer the under collection of funds from their General Fund to cover the undercollected fees from FY22 – FY24.

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

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

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City’s compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 6, 2025

CITY OF CORONADO, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the TransNet Fund

Findings and Recommendations

Year Ended June 30, 2024

(1) Need to Use Approved Exaction Fee

Per review of the City's exaction fee collections for the year ended June 30, 2024, the City did not consistently collect the required exaction fee amount of \$2,741.97. For one permit issued, the exaction fee collected was based upon the prior year's exaction fee amount of \$2,688.21. This resulted in an under-collection of the exaction fee in the amount of \$53.76 as follows:

<u>Permit Number</u>	<u>Amount Collected</u>	<u>Amount Required</u>	<u>Variance</u>
NC2007-001	<u>\$2,688.21</u>	<u>\$2,741.97</u>	<u>\$53.76</u>
Totals	<u>\$2,688.21</u>	<u>\$2,741.97</u>	<u>\$53.76</u>

In addition, the City had one prior year finding relating to the City not consistently collecting the required exaction fee amount of \$2,635.50. For two permits issued, the exaction fee collected was based upon the prior year's exaction fee amounts.

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

"...the Board of Directors will be asked to approve a 2% adjustment to the Regional Transportation Congestion Improvement Program (RTCIP) raising the minimum fee from \$2,688.21 to \$2,741.97 beginning July 1, 2023."

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 \$53.76 for FY24. Furthermore, the City has under-collected exaction fees in the amount of \$646.34 from FY23 for which we recommend the City recover the under-collected fees or fund the deficit from an alternate source. Lastly, we recommend that the City update and collect the proper exaction fees on a yearly basis to be in compliance with the RTCIP fees.

CITY OF CORONADO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Findings and Recommendations (Continued)

Year Ended June 30, 2024

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

Management Response

Management agrees with the finding and is continuing to evaluate internal controls to prevent errors in collections and is working with permitting staff to identify gaps in their collection procedures. During fiscal year 2025, the City has attempted to collect the under-collected amounts and has been unsuccessful. The City will record the uncollected fees as a receivable in FY25 and will complete a General Fund transfer to cover the deficit once SANDAG passes the procedure to take this action.

CITY OF CORONADO, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the TransNet Fund

Findings and Recommendations (Continued)

Year Ended June 30, 2024

(2) RTCIP Funding not Expended nor Committed Within Seven Years of Collection

The City did not expend or commit RTCIP funding collected during fiscal year 2017 within seven years of collection. For the year ended June 30, 2017, the City collected \$21,213 in exaction fees. Of this amount, \$19,519 should have been expended or committed by June 30, 2024.

TransNet Extension and Ordinance, *TransNet* Extension Regional Transportation Congestion Improvement Program, Section G, *Procedure for the Levy, Collection and Disposition of Funding Program Revenues*, Paragraph 4, states, in part:

"Each jurisdiction shall have up to but no more than seven fiscal years to expend Funding Program revenues on the Regional Arterial Systems projects. The seven year term shall commence on the first day of July following the jurisdiction's receipt of the revenue. At the time of the review and audit by the Independent Taxpayer Oversight Committee, each jurisdiction collecting a development impact fee to meet the requirements of its Funding Program shall provide the Committee with written findings for any expended, unexpended and uncommitted fees in their Program Fund and demonstrates a reasonable relationship between the fee and the purpose for which it was charged, consistent with the requirements of Government Code Section 66000 et seq. Unless a planned need for such fees can be demonstrated and a justification for the delay can be provided that is acceptable to the Taxpayer Independent Oversight Committee, the unexpended or uncommitted portion of the Funding Program revenues shall be transferred to the Regional Transportation Commission (SANDAG) to be expended within three years on qualified projects within the same subregion. Contributions to the Funding Program not committed or expended by the tenth anniversary date of the July 1 following collection shall be refunded to the current record owner of the development project on a prorated basis. In no case will a refund be more than was initially contributed to the Funding Program..."

Recommendation

- (1) We recommend that the City expend or commit the remaining unspent RTCIP funds to restore compliance with the *TransNet* Extension and Ordinance.
- (2) We recommend that the City demonstrate their need for the exaction fees and get approved by the ITOC. If the need for funding is not needed, then we recommend that the City sends the funds back to the Regional Transportation Commission (SANDAG) who will then need to spend those funds within 3 years on those qualified projects.
- (3) We recommend the City develop procedures to ensure exaction fees collected for RTCIP purposes are properly tracked to ensure said collections are expended or committed within the required seven-year timeframe.

CITY OF CORONADO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the TransNet Fund

Findings and Recommendations (Continued)

Year Ended June 30, 2024

Management Response

Management agrees with the finding. The City has committed RTCIP funds to a project in Fiscal Year 2025 and it was discovered that the commitment was not reported in ProjectTrak. During Fiscal Year 2025, Finance will work with City staff to ensure that commitments are entered into ProjectTrak to properly record the commitments with SANDAG.

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE A

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Congestion Relief:									
COR07	97400-20002	Street, Curb & Gutter-FY19/FY20	\$ 106,844	\$ -	\$ -	\$ -	\$ (106,844)	\$ -	
COR07	98070-21001	Street, Curb & Gutter-FY20/FY21	-	-	-	(73,277)	57,344	(15,933)	(a)
COR07	98987-23000	Seawall Stabilization & Repairs	-	-	-	(49,500)	49,500	-	
COR07	97520-20013	Shores Median	-	22,256	-	(22,256)	-	-	
Total COR07 Projects			106,844	22,256	-	(145,033)	-	(15,933)	
COR25	97120-18003	Ocean Blvd. Street Improvement	2	-	-	-	(2)	-	(b)(c)
COR27	98987-24008	Five Points Drainage Preliminary Eng	-	31,940	-	(61,376)	-	(29,436)	(a)
Interest Income			495	-	42	-	-	537	
Total Congestion Relief			107,341	54,196	42	(206,409)	(2)	(44,832)	
Maintenance:									
COR04	98987-STPVM FY23	Street Preventative Maintenance FY23	-	-	-	(3,638)	-	(3,638)	(a)
Interest Income			-	-	18	-	-	18	
Total Maintenance			-	-	18	(3,638)	-	(3,620)	
Total Local Street Improvements			107,341	54,196	60	(210,047)	(2)	(48,452)	
Total <i>TransNet</i> Extension			107,341	54,196	60	(210,047)	(2)	(48,452)	
GASB 31 Market Value Adjustment			(1,985)	-	1,593	-	392	-	(d)
Total <i>TransNet</i> Extension after GASB 31 adjustment			\$ 105,356	\$ 54,196	\$ 1,653	\$ (210,047)	\$ 390	\$ (48,452)	

Notes:

- (a) City will request funds during FY25.
- (b) Adjustment is due to rounding from PY revenues and expenditures.
- (c) Project is complete.
- (d) Adjustment is to remove GASB31 from Schedule A in FY24.

SCHEDULE B

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
COR07	97400-20002	Street, Curb & Gutter-FY19/FY20	\$ 80,735	\$ -	\$ (80,735)	\$ -
COR07	98070-21001	Street, Curb & Gutter-FY20/FY21	57,344	-	(73,277)	(15,933)
COR07	98987-23000	Seawall Stabilization & Repairs	49,500	-	(49,500)	-
COR07	97520-20013	Shores Median	22,256	-	(22,256)	-
Total COR07 Projects			209,835	-	(225,768)	(15,933)
COR25	97120-18003	Ocean Blvd. Street Improvement	959,042	3,866	(962,908)	-
COR27	98987-24008	Five Points Drainage Preliminary Eng	31,940	-	(61,376)	(29,436)
Interest Income			-	537	-	537
Total Congestion Relief			1,200,817	4,403	(1,250,052)	(44,832)
Maintenance:						
COR04	98987-STPVM FY23	Street Preventative Maintenance FY23	100,000	-	(103,638)	(3,638)
Interest Income			-	18	-	18
Total Maintenance			100,000	18	(103,638)	(3,620)
Total Local Street Improvements			1,300,817	4,421	(1,353,690)	(48,452)
Total Cumulative <i>TransNet</i> Extension			1,300,817	4,421	(1,353,690)	(48,452)
Completed Projects:						
LSI - Congestion Relief			5,428,697	17,274	(5,445,971)	-
LSI - Maintenance			282,949	323	(283,272)	-
Senior Mini Grant			89,083	-	(89,083)	-
Total Completed Projects			5,800,729	17,597	(5,818,326)	-
Total Cumulative <i>TransNet</i> Extension			\$ 7,101,546	\$ 22,018	\$ (7,172,016)	\$ (48,452)

SCHEDULE C

CITY OF CORONADO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed	June 30, 2024	June 30, 2023	
For Fiscal Year ended June 30, 2017	June 30, 2024	COR24	\$ 21,213	\$ 1,977	\$ (3,671)	\$ -	\$ -	\$ 19,519	\$ 19,519	
For Fiscal Year ended June 30, 2018	June 30, 2025		14,425	1,344	-	2,404	-	18,173	15,769	(a)
For Fiscal Year ended June 30, 2019	June 30, 2026		26,446	2,465	-	-	-	28,911	28,911	
For Fiscal Year ended June 30, 2020	June 30, 2027		15,943	1,486	-	-	-	17,429	17,429	
For Fiscal Year ended June 30, 2021	June 30, 2028		-	-	-	-	-	-	-	
For Fiscal Year ended June 30, 2022	June 30, 2029		12,919	1,204	-	-	-	14,123	8,955	
For Fiscal Year ended June 30, 2023	June 30, 2030		20,859	1,944	-	-	-	22,803	22,803	
For Fiscal Year ended June 30, 2024	June 30, 2031		2,688	4,318	-	-	-	7,006	-	
Subtotal RTCIP Funds			114,493	14,738	(3,671)	2,404	-	127,964	113,386	
GASB 31 Market Value Adjustment			-	2,912	-	(2,912)	-	-	930	(b)
Total RTCIP Funds			<u>\$ 114,493</u>	<u>\$ 17,650</u>	<u>\$ (3,671)</u>	<u>\$ (508)</u>	<u>\$ -</u>	<u>\$ 127,964</u>	<u>\$ 114,316</u>	

Notes:

- (a) The City processed an adjustment in FY24 for a refund in the amount of \$2,404 of erroneous RTCIP charge in FY2018 for permit #B1807-001.
- (b) Adjustment is to remove GASB31 from Schedule C in FY25.

CITY OF DEL MAR, CALIFORNIA

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

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Del Mar, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$228,757. We selected \$95,996 (41.96%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no adjustments during the year ending June 30, 2024.

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

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

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

Results: This procedure is not applicable as there were no transfers during the year ending June 30, 2024.

- 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, 2025.

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

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

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

Results: There are two projects that have been inactive over the past two years. The City indicated for DM02 project that "the City of Del Mar has secured other local funding sources that will be utilized first before using *TransNet* Funds. It is anticipated that the other available local funds will be exhausted during the construction phase of the project. The construction phase of the project is projected to begin in December 2026. It is not anticipated that *TransNet* funds will be used for this project prior to that date." The City also indicated for DM01 project that "The City completed a street assessment to evaluate the priority of required pothole/small area street maintenance. The City did not spend *TransNet* funds in FY24 but plans to spend funding in FY25 for DM01 project." The status of the projects has been added to Schedule A.

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

Results: SANDAG approved the reason for the inactivity on October 31, 2024.

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

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

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

Results: This procedure is not applicable as the City did not have non-*TransNet* activity in Schedule A.

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

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

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

Fiscal year 2024 apportionment	\$ 265,598
Less: debt service payment	<u>(132,761)</u>
Net estimated apportionment	132,837
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>39,851</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	3,390
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>3,390</u>
Fund balance under apportionment	<u>\$ 36,461</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 3,390	\$(149,943)	\$(146,553)
Maintenance	-	657,655	657,655
Totals	<u>\$ 3,390</u>	<u>\$ 507,712</u>	<u>\$ 511,102</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 5.20% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$6,842,923	\$(195,081)	\$6,647,842
Maintenance	402,626	639,370	1,041,996
Interest	<u>8,483</u>	<u>63,423</u>	<u>71,906</u>
Total local street and road revenue	<u>\$7,254,032</u>	<u>\$507,712</u>	<u>\$7,761,744</u>
30% of total local street and road revenue			\$ 2,328,523
Less maintenance expenditures incurred to date			<u>(403,270)</u>
Available maintenance funds			<u>\$ 1,925,253</u>
Cumulative percentage expended for maintenance			<u>5.20%</u>

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

Results: The results are summarized below.

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Total Debt Service *
2014 Series A Bonds	\$ 70,000	\$ -	\$ (70,000)	\$ -	\$ (54,706)
2019 Series A Bonds	855,000	-	(216,895)	638,105	(18,442)
2021 Series A Bonds	1,610,000	-	-	1,610,000	(50,402)
2023 Series A Bonds	<u>-</u>	<u>216,895</u>	<u>-</u>	<u>216,895</u>	<u>(9,211)</u>
Total	<u>\$2,535,000</u>	<u>\$216,895</u>	<u>\$(286,895)</u>	<u>\$2,465,000</u>	<u>\$(132,761)</u>

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

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

- a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.
i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.
i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$26,000,631</u>	<u>\$19,708,653</u>	<u>1.32</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.32.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

	<u>Street and Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Previously approved MOE base	\$379,643	\$17,493	\$397,136
Growth Rate	<u>1.32</u>	<u>1.32</u>	<u>1.32</u>
Adjusted MOE base as of June 30, 2024	<u>\$501,129</u>	<u>\$23,091</u>	<u>\$524,220</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.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, 2024, is summarized as follows:

	Street & Roads	Specialized Transportation	Total
Current year local discretionary expenditures	\$1,280,535	\$ 60,000	\$1,340,535
Less MOE base year requirement	<u>(379,643)</u>	<u>(17,493)</u>	<u>397,136</u>
Excess MOE for the year ended June 30, 2024	<u>\$ 900,892</u>	<u>\$ 42,507</u>	<u>\$943,399</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for FY24.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for FY24.

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

Results: This procedure is not applicable as there were no payroll expenditures identified during FY24.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation on October 16, 2024.

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

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

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

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

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

Results: The prior year's report included a finding that the City did not consistently collect the required exaction fee amount. There were two permits issued where the exaction fees collected were based on FY22 fees instead of FY23. The City was able to collect the balance due. As such, the finding will be removed.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

"TransNet Extension Ordinance" means the 2004 Proposition A.

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

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
<i>TransNet Extension:</i>									
Local Street Improvements:									
Congestion Relief:									
DM02	44.7000.7011	Local Match to Bridge Retrofit Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(a)
DM06	44.7000.7050	Sidewalk, Street and Drainage Improv	3,285	95,996	105	(95,996)	-	3,390	
		2014 Series A Bond	-	54,706	-	(54,706)	-	-	
		2019 Series A Bond	-	18,442	-	(18,442)	-	-	
		2021 Series A Bond	-	50,402	-	(50,402)	-	-	
		2023 Series A Bond	-	9,211	-	(9,211)	-	-	
		Total Congestion Relief	3,285	228,757	105	(228,757)	-	3,390	
Maintenance:									
DM01	44.7000.7009	Resurfacing and Drainage Project	-	-	-	-	-	-	(b)
		Total Maintenance	-	-	-	-	-	-	
		Total Local Street Improvements	3,285	228,757	105	(228,757)	-	3,390	
		Total <i>TransNet</i> Extension	3,285	228,757	105	(228,757)	-	3,390	
		GASB 31 Market Value Adjustment	(95)	-	31	-	-	(64)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 3,190	\$ 228,757	\$ 136	\$ (228,757)	\$ -	\$ 3,326	

Notes:

- (a) The City of Del Mar has secured other local funding sources that will be utilized first before using *TransNet* Funds. It is anticipated that the other available local funds will be exhausted during the construction phase of the project. The construction phase of the project is projected to begin in December 2026. It is not anticipated that *TransNet* funds will be used for this project prior to that date.
- (b) The City completed a street assessment to evaluate the priority of required pothole/small area street maintenance. The City did not spend *TransNet* funds in FY24 but plans to spend funding in FY25.

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
<i>TransNet</i> Extension:						
Local Street Improvements:						
Congestion Relief:						
DM02	44.7000.7011	Local Match to Bridge Retrofit Projects	\$ 207,386	\$ 459	\$ (207,845)	\$ -
DM06	44.7000.7009	Sidewalk, Street and Drainage Improv	4,349,981	5,969	(4,352,560)	3,390
		2014 Series A Bonds	1,349,888	-	(1,349,888)	-
		2019 Series A Bonds	98,755	-	(98,755)	-
		2021 Series A Bonds	122,397	-	(122,397)	-
		2023 Series A Bonds	9,211	-	(9,211)	-
		Total Congestion Relief	<u>6,137,618</u>	<u>6,428</u>	<u>(6,140,656)</u>	<u>3,390</u>
Maintenance:						
DM01	44.7000.7009	Resurfacing and Drainage Project	<u>402,626</u>	<u>644</u>	<u>(403,270)</u>	<u>-</u>
		Total Maintenance	<u>402,626</u>	<u>644</u>	<u>(403,270)</u>	<u>-</u>
		Total Local Street Improvements	<u>6,540,244</u>	<u>7,072</u>	<u>(6,543,926)</u>	<u>3,390</u>
		Total Cumulative <i>TransNet</i> Extension	<u>6,540,244</u>	<u>7,072</u>	<u>(6,543,926)</u>	<u>3,390</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>\$ 8,057,549</u>	<u>\$ 8,483</u>	<u>\$ (8,062,642)</u>	<u>\$ 3,390</u>

CITY OF DEL MAR, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2024	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2024	June 30, 2023
For Fiscal Year ended June 30, 2017	June 30, 2024	DM06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	DM06	2,404	25	(2,429)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	DM06	2,483	68	(2,551)	-	-	-	-
For Fiscal Year ended June 30, 2020	June 30, 2027	DM06	2,533	125	(3)	-	-	2,655	2,655
For Fiscal Year ended June 30, 2021	June 30, 2028	DM06	2,584	131	-	-	-	2,715	2,715
For Fiscal Year ended June 30, 2022	June 30, 2029	DM06	2,636	58	-	-	-	2,694	2,694
For Fiscal Year ended June 30, 2023	June 30, 2030		23,720	675	-	-	-	24,395	24,395
For Fiscal Year ended June 30, 2024	June 30, 2031		<u>3,216</u>	<u>1,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,284</u>	<u>-</u>
Subtotal RTCIP Funds			<u>39,576</u>	<u>2,149</u>	<u>(4,983)</u>	<u>-</u>	<u>-</u>	<u>36,743</u>	<u>32,459</u>
GASB 31 Market Value Adjustment			<u>-</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270</u>	<u>(610)</u>
Total RTCIP Funds			<u>\$ 39,576</u>	<u>\$ 2,419</u>	<u>\$ (4,983)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,013</u>	<u>\$ 31,849</u>

CITY OF EL CAJON, CALIFORNIA

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

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of El Cajon, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.
- Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
- Results: The City recorded total *TransNet* expenditures in the amount of \$6,942,547. We selected \$2,283,694 (32.89%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.
- Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.
- Results: This procedure is not applicable as payroll expenditure did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2024. The City distributes indirect costs in two ways. For operating departments, an allocation for each cost pool is made on a reasonable allocation basis. For irregularly timed or project work, such as Capital Improvement Projects, indirect costs are applied using Fully Burdened Rates (FBR). FBRs are calculated for each job classification. Since job classifications may exist in many budgetary units, an average of each unit's hourly rate is calculated and used as the FBR for that classification. This average hourly rate is weighed by the portion of full time equivalent (FTE) employees in that unit. FBRs are used to assign indirect costs where they are not allocated. The City's indirect cost rates were last updated and approved on October 19, 2020 by the City's Finance Department. The dollar amount of the indirect costs charged to the *TransNet* program was \$15,379 resulting in 0.22% 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.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

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

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

Results: There are four projects that have been inactive over the past two years. The City indicated that, "EL06 is an active City project funded by multiple MPOID funding sources. Activity funded by this MPOID was not present during this phase of the project. EL18, EL11 and EL21 projects completed in Fiscal Year 2022-23. Remaining balances will be reprogrammed with Fiscal Year 2024-25 RTIP amendment in April 2025." The status of the projects has been added to Schedule A.

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

Results: SANDAG approved the reason for the inactivity on December 6, 2024.

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

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

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

Results: This procedure is not applicable as there was no non-*TransNet* activity.

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

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

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

Fiscal year 2024 apportionment	\$3,518,686
Less: debt service payment	<u>-</u>
Net estimated apportionment	3,518,686
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>1,055,606</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(1,535,046)
Maintenance fund balance	<u>(710,001)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(2,245,047)</u>
Fund balance under apportionment	<u>\$3,300,653</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,535,046)	\$ 6,375,800	\$4,840,754
Maintenance	<u>(710,001)</u>	<u>5,815,982</u>	<u>5,105,981</u>
Totals	<u>\$(2,245,047)</u>	<u>\$12,191,782</u>	<u>\$9,946,735</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 18.00% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$23,408,849	\$5,507,634	\$28,916,483
Maintenance	6,949,561	5,455,848	12,405,409
Interest	<u>9,785</u>	<u>1,228,300</u>	<u>1,238,085</u>
Total local street and road revenue	<u>\$30,368,195</u>	<u>\$12,191,782</u>	<u>\$42,559,977</u>
30% of total local street and road revenue			\$12,767,993
Less maintenance expenditures incurred to date			<u>(7,662,498)</u>
Available maintenance funds			<u>\$5,105,495</u>
Cumulative percentage expended for maintenance			<u>18.00%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

- a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.
 - i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$104,805,159</u>	<u>\$83,725,760</u>	<u>1.25</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.25.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,165,357
Growth Rate	<u>1.25</u>
Adjusted MOE base as of June 30, 2024	<u>\$1,456,696</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$2,513,050
Less MOE base year requirement	<u>(1,165,357)</u>
Excess MOE for the year ended June 30, 2024	<u>\$1,347,693</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$151,247. We selected \$66,184 (43.76%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

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

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

Results: This procedure is not applicable as there were no payroll expenditures for fiscal year ending June 30, 2024.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation on October 9, 2024.

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

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

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

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

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

Results: The City had one prior year finding from FY23 relating to not collecting the correct required exaction fee amount. As of June 30, 2024, City was able to collect the \$52.71 and as such, the finding has been resolved.

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

"TransNet Extension Ordinance" means the 2004 Proposition A.

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

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
EL06	N/A	Regional Arterial Management Systems	\$ -	\$ 9,700	\$ -	\$ (9,700)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	9,700	-	(9,700)	-	-	
Congestion Relief:									
EL03	200020PWCP	Overlay 2020	(247,473)	207,134	-	-	-	(40,339)	(a)
EL03	203688PWCP	Jamacha Road Safety Improvements	(13,233)	35,454	-	(30,934)	-	(8,713)	(a)
EL03	203689PWCP	Madison Avenue Safety Improvements	(2,382)	2,383	-	-	-	1	
EL03	203690PWCP	El Cajon Transit Center Improvements	-	1,189,854	-	(2,434,697)	-	(1,244,843)	(a)
EL03	223748PWCP	Luke Lane Drainage Improvements	(2,637)	94,193	-	(115,399)	-	(23,843)	(a)
EL03	233785PWCP	Oakdale Alameda Gateway Beautification	-	72,056	-	(155,972)	-	(83,916)	(a)
		Total EL03 Projects	(265,725)	1,601,074	-	(2,737,002)	-	(1,401,653)	
EL06	200020PWCP	Overlay 2020	38	-	-	-	(38)	-	(b)
EL06	203688PWCP	Jamacha Road Safety Improvements	12,415	3,562	-	(5,134)	-	10,843	
EL06	203689PWCP	Madison Avenue Safety Improvements	9,624	264,467	-	-	-	274,091	
EL06	203690PWCP	El Cajon Transit Center Improvements	28,514	-	-	-	38	28,552	(b)(c)
EL06	203691PWCP	Main/Green Street Gateway Improvements	6,000	4,950	-	(9,305)	-	1,645	
EL06	223744PWCP	Traffic Signal System Upgrades 2022	(18,785)	37,570	-	-	-	18,785	(d)
		Total EL06 Projects	37,806	310,549	-	(14,439)	-	333,916	
EL18	N/A	Street Light LED Retrofit Program 2019	(17,462)	17,462	-	-	-	-	(e)
EL18	203688PWCP	Jamacha Road Safety Improvements	(24,160)	28,633	-	(5,134)	-	(661)	(a)
EL18	203689PWCP	Madison Avenue Safety Improvements	(301,209)	174,355	-	(161,284)	-	(288,138)	(a)
EL18	N/A	Street Light LED Retrofit Program 2021	(38,750)	38,750	-	-	-	-	(e)
EL18	N/A	Street Light LED Retrofit Program 2022	7,090	-	-	-	-	7,090	(f)
		Total EL18 Projects	(374,491)	259,200	-	(166,418)	-	(281,709)	
EL29	203689PWCP	Madison Avenue Safety Improvements	-	18,531	-	(158,096)	-	(139,565)	(a)
EL29	213719PWCP	Traffic Safety Calming 2021	(41,366)	41,366	-	(9,261)	-	(9,261)	(a)
EL29	223745PWCP	Traffic Safety Calming 2022	(36,808)	37,660	-	(1,982)	-	(1,130)	(a)
EL29	223755PWCP	Pedestrian Safety Improvements	(2,081)	2,081	-	-	-	-	(e)
EL29	233790PWCP	Traffic Safety Calming 2023	(5,856)	-	-	(36,637)	-	(42,493)	(a)
		Total EL29 Projects	(86,111)	99,638	-	(205,976)	-	(192,449)	
		Interest Income	6,849	-	-	-	-	6,849	
		Total Congestion Relief	\$ (681,672)	\$ 2,270,461	\$ -	\$ (3,123,835)	\$ -	\$ (1,535,046)	

(Continued)

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
Maintenance:									
EL11	203688PWCP	Jamacha Road Safety Improvements	\$ (36,949)	\$ 43,303	\$ -	\$ (5,134)	\$ -	\$ 1,220	(a)
EL11	203689PWCP	Madison Avenue Safety Improvements	(5,149)	5,149	-	-	-	-	(e)
EL11	203690PWCP	El Cajon Transit Center Improvements	(14,314)	60,753	-	(77,180)	-	(30,741)	(a)
EL11	203691PWCP	Main/Green Street Gateway Improvements	(2,425)	15,492	-	(19,363)	-	(6,296)	(a)
EL11	222022PWCP	Concrete Sidewalk Slicing	(31,503)	53,572	-	(5,637)	-	16,432	(a)
EL11	N/A	ADA Concrete Improvements 2020	(152,107)	152,107	-	-	-	-	(e)
EL11	N/A	ADA Concrete Improvements 2021	55	-	-	-	-	55	(f)
Total EL11 Projects			(242,392)	330,376	-	(107,314)	-	(19,330)	
EL21	N/A	Slurry 2020	(237,656)	237,656	-	-	-	-	(e)
EL21	N/A	Slurry 2021	(111,736)	111,736	-	-	-	-	(e)
EL21	233788PWCP	Slurry 2022	(7,294)	13,429	-	(699,742)	-	(693,607)	(a)
Total EL21 Projects			(356,686)	362,821	-	(699,742)	-	(693,607)	
Interest Income			2,936	-	-	-	-	2,936	
Total Maintenance			(596,142)	693,197	-	(807,056)	-	(710,001)	
Total Local Street improvements			(1,277,814)	2,973,358	-	(3,940,591)	-	(2,245,047)	
EL40	SNDG5488	El Cajon Transit Center Community Connection Improvements	(231,086)	1,701,506	-	(1,351,350)	-	119,070	(a)
EL41	SNDG5489	Main Street/Green Street Gateway	(53,554)	1,401,907	-	(1,650,606)	-	(302,253)	
Total Smart Growth			(284,640)	3,103,413	-	(3,001,956)	-	(183,183)	
Total <i>TransNet</i> Extension			(1,562,454)	6,076,771	-	(6,942,547)	-	(2,428,230)	
GASB 31 Market Value Adjustment			-	-	-	-	-	-	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			\$ (1,562,454)	\$ 6,076,771	\$ -	\$ (6,942,547)	\$ -	\$ (2,428,230)	

Notes:

- (a) City will request funds during FY25.
- (b) Adjustment is to project being completed in FY23 and moved to another project.
- (c) This is an active City project funded by multiple MPOID funding sources. Activity funded by this MPOID was not present during this phase of the project.
- (d) A duplicate drawdown for Project 223744PWCP under EL06 and will move the balance in April 2025.
- (e) Project completed.
- (f) Projects completed in Fiscal Year 2022-23. Remaining balances will be reprogrammed with Fiscal Year 2024-25 RTIP amendment in April 2025.

SCHEDULE B

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
EL06	N/A	Regional Arterial Management Systems	\$ 116,400	\$ -	\$ (116,400)	\$ -
		Total Congestion Relief - Pass-Through	116,400	-	(116,400)	-
Congestion Relief:						
EL03	200020PWCP	Overlay 2020	1,064,828	-	(1,105,167)	(40,339)
EL03	203688PWCP	Jamacha Road Safety Improvements	35,454	-	(44,167)	(8,713)
EL03	203689PWCP	Madison Avenue Safety Improvements	2,383	-	(2,382)	1
EL03	203690PWCP	El Cajon Transit Center Improvements	1,189,854	-	(2,434,697)	(1,244,843)
EL03	223748PWCP	Luke Lane Drainage Improvements	94,193	-	(118,036)	(23,843)
EL03	233785PWCP	Oakdale Alameda Gateway Beautification	72,056	-	(155,972)	(83,916)
		Total EL06 Projects	2,458,768	-	(3,860,421)	(1,401,653)
EL06	200020PWCP	Overlay 2020	13	-	(13)	-
EL06	203688PWCP	Jamacha Road Safety Improvements	94,053	-	(83,210)	10,843
EL06	203689PWCP	Madison Avenue Safety Improvements	365,616	-	(91,525)	274,091
EL06	203690PWCP	El Cajon Transit Center Improvements	28,552	-	-	28,552
EL06	203691PWCP	Main/Green Street Gateway Improvements	10,950	-	(9,305)	1,645
EL06	223744PWCP	Traffic Signal System Upgrades 2022	252,820	-	(234,035)	18,785
		Total EL06 Projects	752,004	-	(418,088)	333,916
EL18	N/A	Street Light LED Retrofit Program 2019	156,335	-	(156,335)	-
EL18	203688PWCP	Jamacha Road Safety Improvements	82,550	-	(83,211)	(661)
EL18	203689PWCP	Madison Avenue Safety Improvements	195,955	-	(484,093)	(288,138)
EL18	N/A	Street Light LED Retrofit Program 2021	135,750	-	(135,750)	-
EL18	N/A	Street Light LED Retrofit Program 2022	107,300	-	(100,210)	7,090
		Total EL18 Projects	677,890	-	(959,599)	(281,709)
EL29	203689PWCP	Madison Avenue Safety Improvements	275,114	-	(414,679)	(139,565)
EL29	213719PWCP	Traffic Safety Calming 2021	50,366	-	(59,627)	(9,261)
EL29	223745PWCP	Traffic Safety Calming 2022	38,512	-	(39,642)	(1,130)
EL29	223755PWCP	Pedestrian Safety Improvements	2,081	-	(2,081)	-
EL29	233790PWCP	Traffic Safety Calming 2023	-	-	(42,493)	(42,493)
		Total EL29 Projects	366,073	-	(558,522)	(192,449)
		Interest Income	-	6,849	-	6,849
		Total Congestion Relief	\$ 4,254,735	\$ 6,849	\$ (5,796,630)	\$ (1,535,046)

(Continued)

SCHEDULE B

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
Maintenance:						
EL11	203688PWCP	Jamacha Road Safety Improvements	\$ 84,430	\$ -	\$ (83,210)	\$ 1,220
EL11	203689PWCP	Madison Avenue Safety Improvements	91,170	-	(91,170)	-
EL11	203690PWCP	El Cajon Transit Center Improvements	140,240	-	(170,981)	(30,741)
EL11	203691PWCP	Main/Green Street Gateway Improvements	35,507	-	(41,803)	(6,296)
EL11	222022PWCP	Concrete Sidewalk Slicing	87,320	-	(70,888)	16,432
EL11	N/A	ADA Concrete Improvements 2020	305,607	-	(305,607)	-
EL11	N/A	ADA Concrete Improvements 2021	1,100	-	(1,045)	55
Total EL11 Projects			<u>745,374</u>	<u>-</u>	<u>(764,704)</u>	<u>(19,330)</u>
EL21	N/A	Slurry 2020	722,674	-	(722,674)	-
EL21	N/A	Slurry 2021	276,736	-	(276,736)	-
EL21	233788PWCP	Slurry 2022	14,203	-	(707,810)	(693,607)
Total EL21 Projects			<u>1,013,613</u>	<u>-</u>	<u>(1,707,220)</u>	<u>(693,607)</u>
Interest Income			<u>-</u>	<u>2,936</u>	<u>-</u>	<u>2,936</u>
Total Maintenance			<u>1,758,987</u>	<u>2,936</u>	<u>(2,471,924)</u>	<u>(710,001)</u>
Total Local Street Improvements			<u>6,130,122</u>	<u>9,785</u>	<u>(8,384,954)</u>	<u>(2,245,047)</u>
Smart Growth:						
EL40	SNDG5488	El Cajon Transit Center Community Connection Improvements	2,010,497	-	(1,891,427)	119,070
EL41	SNDG5489	Main Street/Green Street Gateway	1,730,117	-	(2,032,370)	(302,253)
Total Smart Growth			<u>3,740,614</u>	<u>-</u>	<u>(3,923,797)</u>	<u>(183,183)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>9,870,736</u>	<u>9,785</u>	<u>(12,308,751)</u>	<u>(2,428,230)</u>
Completed Projects:						
Congestion Relief			19,037,714	-	(19,037,714)	-
Maintenance			5,190,574	-	(5,190,574)	-
Smart Growth			537,626	-	(537,626)	-
Total Completed Projects			<u>24,765,914</u>	<u>-</u>	<u>(24,765,914)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 34,636,650</u>	<u>\$ 9,785</u>	<u>\$ (37,074,665)</u>	<u>\$ (2,428,230)</u>

SCHEDULE C

CITY OF EL CAJON CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2024	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2024	June 30, 2023
For Fiscal Year ended June 30, 2017	June 30, 2024	EL40	\$ 260,933	\$ -	\$ (260,933)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	EL40	50,449	-	(50,449)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	EL40	302,985	-	(221,728)	-	-	81,257	232,504
For Fiscal Year ended June 30, 2020	June 30, 2027		298,912	-	-	-	-	298,912	298,912
For Fiscal Year ended June 30, 2021	June 30, 2028		79,997	-	-	-	-	79,997	79,997
For Fiscal Year ended June 30, 2022	June 30, 2029		44,648	-	-	-	-	44,648	44,648
For Fiscal Year ended June 30, 2023	June 30, 2030		37,530	-	-	-	-	37,530	37,530
For Fiscal Year ended June 30, 2024	June 30, 2031		147,099	-	-	-	-	147,099	-
Interest Income			-	74,560	-	-	-	74,560	59,256
Total RTCIP Funds			\$ 1,222,553	\$ 74,560	\$ (533,110)	\$ -	\$ -	\$ 764,003	\$ 752,847

CITY OF ENCINITAS, CALIFORNIA

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

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Encinitas, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$2,066,580. We selected \$1,355,251 (65.58%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

Results: This procedure is not applicable as payroll expenditures were not allocated to projects on the RTIP for the fiscal year ended June 30, 2024.

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

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

Results: This procedure is not applicable as there were no indirect costs allocated to projects included within the RTIP for the fiscal year ended June 30, 2024.

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no projects with a negative ending balance at June 30, 2024.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: This procedure is not applicable as there were no projects with a negative ending balance at June 30, 2024.

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

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

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

Results: 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* projects included within Schedule A.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

Fiscal year 2024 apportionment	\$2,336,931
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,336,931
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>701,079</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	4,758
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>4,758</u>
Fund balance under apportionment	<u>\$696,321</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$4,758	\$(4,978,183)	\$(4,973,425)
Maintenance	<u>-</u>	<u>8,099,005</u>	<u>8,099,005</u>
Totals	<u>\$4,758</u>	<u>\$3,120,822</u>	<u>\$3,125,580</u>

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

Results: The City has expended 3.53% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$27,367,981	\$(5,780,166)	\$21,587,815
Maintenance	1,117,046	7,773,540	8,890,586
Interest	<u>58,943</u>	<u>1,127,448</u>	<u>1,186,391</u>
Total local street and road revenue	<u>\$28,543,970</u>	<u>\$3,120,822</u>	<u>\$31,664,792</u>
30% of total local street and road revenue			\$9,499,438
Less maintenance expenditures incurred to date			<u>(1,117,046)</u>
Available maintenance funds			<u>\$8,382,392</u>
Cumulative percentage expended for maintenance			<u>3.53%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient

agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$106,116,237</u>	<u>\$83,327,537</u>	<u>1.27</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.27.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,436,353
Growth Rate	<u>1.27</u>
Adjusted MOE base as of June 30, 2024	<u>\$1,824,168</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$ 9,859,829
Less MOE base year requirement	<u>(1,436,353)</u>
Excess MOE for the year ended June 30, 2024	<u>\$ 8,423,476</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2024.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2024.

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2024.

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

Results: This procedure is not applicable as the City did not incur expenditures for fund administration for the fiscal year ended June 30, 2024.

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation on October 2, 2024.

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE A

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2024

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2023</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2024</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	CS22A	FY 21/22 Annual Street Overlay	(29,562)	31,676	62	-	(2,176)	-	(a)(b)
ENC14A	CS23A	FY 22/23 Annual Street Overlay	169,199	1,664,934	3,241	(1,834,133)	-	3,241	
ENC14A	CS24A	FY 23/24 Annual Street Overlay	-	221,097	430	(225,047)	5,037	1,517	(b)(c)
		Total ENC14A Projects	139,637	1,917,707	3,733	(2,059,180)	2,861	4,758	
ENC20	CS04D	No. Coast Hwy 101 Streetscape	1,955	-	-	-	(1,955)	-	(a)(c)
ENC20	CS22F	Leucadia Streetscape Seg B & C	906	-	-	-	(906)	-	(a)(c)
		Total ENC20 Projects	2,861	-	-	-	(2,861)	-	
		Total Congestion Relief	142,498	1,917,707	3,733	(2,059,180)	-	4,758	
		Total Local Street Improvements	142,498	1,917,707	3,733	(2,059,180)	-	4,758	
		Total <i>TransNet</i> Extension	\$ 142,498	\$ 1,925,107	\$ 3,733	\$ (2,066,580)	\$ -	\$ 4,758	

Notes:

- (a) Project is complete.
- (b) Remaining project balance of \$2,176 for CS22A was transferred to CS24A within the same MPO ID.
- (c) Adjustment to transfer remaining positive balance on closed projects CS04D and CS22F under MPO ID ENC20 to project CS24A under MPO ID ENC14A due to prior year accumulated interest income will be included in City's midyear adjustments resolution in FY25.

SCHEDULE B

CITY OF ENCINITAS, CALIFORNIA TransNet Extension Activities Cumulative Schedule of Status of Funds by Project Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
ENC28	CS02G	Regional Arterial Management Systems	\$ 88,800	\$ -	\$ (88,800)	\$ -
		Total Congestion Relief - Pass-Through	88,800	-	(88,800)	-
Congestion Relief:						
ENC14A	CS22A	FY 21/22 Annual Street Overlay	1,656,997	2,947	(1,659,944)	-
ENC14A	CS23A	FY 22/23 Annual Street Overlay	2,068,404	4,870	(2,070,033)	3,241
ENC14A	CS24A	FY 23/24 Annual Street Overlay	223,273	3,291	(225,047)	1,517
		Total ENC14A Projects	3,948,674	11,108	(3,955,024)	4,758
ENC20	CS04D	No. Coast Hwy 101 Streetscape	6,779,518	24,268	(6,803,786)	-
ENC20	CS22F	Leucadia Streetscape Seg B & C	224,452	-	(224,452)	-
		Total ENC20 Projects	7,003,970	24,268	(7,028,238)	-
		Total Congestion Relief	10,952,644	35,376	(10,983,262)	4,758
		Subtotal Cumulative TransNet Extension	11,041,444	35,376	(11,072,062)	4,758
Completed Projects:						
		LSI - Congestion Relief	16,326,537	23,567	(16,350,104)	-
		LSI - Maintenance	1,117,046	-	(1,117,046)	-
		Environmental Mitigation Grant	52,744	-	(52,744)	-
		Total Completed Projects	17,496,327	23,567	(17,519,894)	-
		Total Cumulative TransNet Extension	\$ 28,537,771	\$ 58,943	\$ (28,591,956)	\$ 4,758

SCHEDULE C

CITY OF ENCINITAS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2024	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2024	June 30, 2023
For Fiscal Year ended June 30, 2017	June 30, 2024	ENC46	\$ 94,233	\$ -	\$ (94,233)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	ENC28/ENC46	125,062	-	(125,062)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	ENC28	151,651	-	(151,651)	-	-	-	-
For Fiscal Year ended June 30, 2020	June 30, 2027	ENC28	157,055	-	(85,652)	-	-	71,403	71,403
For Fiscal Year ended June 30, 2021	June 30, 2028		98,317	-	-	-	-	98,317	98,317
For Fiscal Year ended June 30, 2022	June 30, 2029		89,720	-	-	-	-	89,720	89,720
For Fiscal Year ended June 30, 2023	June 30, 2030		259,177	-	-	-	-	259,177	259,177
For Fiscal Year ended June 30, 2024	June 30, 2031		392,499	-	-	-	-	392,499	-
Interest Income			-	136,834	-	-	-	136,834	95,441
Total RTCIP Funds			\$ 1,367,714	\$ 136,834	\$ (456,598)	\$ -	\$ -	\$ 1,047,950	\$ 614,058

CITY OF ESCONDIDO, CALIFORNIA

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

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Escondido, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$6,852,355. We selected \$2,129,759 (31.08%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

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

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2024. The City allocates costs out of the various departments and into capital projects by using the engineering time directly charged to a project as the cost basis, and multiplying it by a set percentage associated with each department. The indirect cost percentage charged by departments varied between 0.50% and 35.11%. The City allocated a total of \$298,257 of indirect costs in the RTIP, resulting in 4.35% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan was last updated in June 2023 and approved by the Director of Finance. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

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

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

Results: There were three projects that have been inactive over the past two years. The City indicated that for project ESC06 "Funds will be re-programmed in FY25 towards the Citracado Parkway Extension Project." Additionally, for project ESC24 the City stated, "This project will be completed in FY26 and FY27. Additional funds will be added in the next RTIP update." Lastly for project ESC38, the City indicated, "The project still has an open consulting agreement to perform a pavement condition survey to gather current street distress data, update the Pavement Condition Index (PCI), and update the City's street inventory." The status of the projects has been added to Schedule A.

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

Results: SANDAG approved the reason for the inactivity on January 8, 2025.

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

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

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

Results: This procedure is not applicable as the City did not have non-*TransNet* activity in Schedule A.

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

at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

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

Fiscal year 2024 apportionment	\$5,192,812
Less: debt service payment	<u>-</u>
Net estimated apportionment	5,192,812
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>1,557,844</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(678,201)
Maintenance fund balance	<u>(921,719)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,599,920)</u>
Fund balance under apportionment	<u>\$3,157,764</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (678,201)	\$10,905,655	\$10,227,454
Maintenance	<u>(921,719)</u>	<u>2,440,241</u>	<u>1,518,522</u>
Totals	<u>\$(1,599,920)</u>	<u>\$13,345,896</u>	<u>\$11,745,976</u>

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

Results: The City has expended 26.74% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$38,048,798	\$ 9,171,179	\$47,219,977
Maintenance	17,500,611	1,689,214	19,189,825
Interest	<u>41,891</u>	<u>2,485,503</u>	<u>2,527,394</u>
Total local street and road revenue	<u>\$55,591,300</u>	<u>\$13,345,896</u>	<u>\$68,937,196</u>
30% of total local street and road revenue			\$ 20,681,159
Less maintenance expenditures incurred to date			<u>(18,434,725)</u>
Available maintenance funds			<u>\$ 2,246,434</u>
Cumulative percentage expended for maintenance			<u>26.74%</u>

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

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

- a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.
- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$137,175,119</u>	<u>\$121,474,876</u>	<u>1.13</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.13.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,111,880
Growth Rate	<u>1.13</u>
Adjusted MOE base as of June 30, 2024	<u>\$2,386,424</u>

13. With respect to the MOE requirement:

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

- 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$ 6,679,925
Less MOE base year requirement	<u>(2,111,880)</u>
Excess MOE for the year ended June 30, 2024	<u>\$4,568,045</u>

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$3,333,666. We selected \$1,137,577 (34.12%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: 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 documented 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 RTCIP expenditures.

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

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

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 4, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status June 30, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ESC02A	691705	East Valley/Valley Center Road	\$ 12,771	\$ -	\$ -	\$ (229)	\$ -	\$ 12,542	
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	(853,846)	1,750,000	-	(1,429,227)	(393,088)	(926,161)	(a)(b)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	7,746	-	-	-	-	7,746	(c)
ESC08	690309	Felicita Ave/Juniper Street	(85,025)	438,000	-	(352,975)	-	-	
ESC24	690029	Centre City/Highway 78 to Mission Ave	5,580	-	-	-	-	5,580	(d)
ESC46	609901	Escondido Creek Trail Bike Path Improvements	61,580	100,000	-	(24,049)	-	137,531	
ESC48	699902	Grand Ave Streetscape Improvements	64,482	-	-	(46,927)	(40,926)	(23,371)	(e)
ESC49	699901	Quince/Tulip Pedestrian Signal	963	-	-	-	-	963	
ESC51	698201	Comprehensive Active Transp. Strategy	40,291	145,000	-	(229,721)	-	(44,430)	(a)
ESC58	694401	Escondido Creek Drainage Capac	-	-	-	(5,324)	-	(5,324)	(a)
Subtotal Congestion Relief			(745,458)	2,433,000	-	(2,088,452)	(434,014)	(834,924)	
ESC38	694801	Pavement Rehabilitation FY 18	8,250	-	-	(8,250)	-	-	(f)
ESC38	694901	Pavement Rehabilitation FY 19	7,071	-	-	-	-	7,071	(g)
ESC38	694102	Pavement Rehabilitation FY 21	-	-	-	(325)	325	-	(h)
ESC38	694103	Pavement Rehabilitation FY 22	318,251	600,000	-	(1,129,960)	-	(211,709)	(a)
ESC38	694104	Pavement Rehabilitation FY 23	-	700,000	-	(938,706)	-	(238,706)	(a)
ESC38	694105	Pavement Rehabilitation FY 24	-	981,701	-	(376,068)	(325)	605,308	(h)
Total ESC38 Project			333,572	2,281,701	-	(2,453,309)	-	161,964	
ESC39	691901	Traffic Signals FY 19	16,275	-	-	(9,325)	-	6,950	
ESC39	691001	Traffic Signals FY 20	(197,803)	600,000	-	(422,311)	-	(20,114)	(a)
Total ESC39 Project			(181,528)	600,000	-	(431,636)	-	(13,164)	
Interest Income			6,789	-	1,134	-	-	7,923	
Total Congestion Relief			(586,625)	5,314,701	1,134	(4,973,397)	(434,014)	(678,201)	

(Continued)

SCHEDULE A

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status June 30, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
Maintenance:									
ESC37	697901	Pavement Maintenance FY 19	\$ 437	\$ -	\$ -	\$ (436)	\$ (1)	\$ -	(f)
ESC37	687001	Pavement Maintenance FY 20	(52,936)	57,336	-	(4,400)	-	-	(f)
ESC37	687101	Pavement Maintenance FY 21	(39,153)	50,100	-	(10,947)	-	-	(f)
ESC37	687201	Pavement Maintenance FY 22	(13,950)	51,500	-	(37,549)	(1)	-	(f)
ESC37	687301	Pavement Maintenance FY 23	367,549	151,064	-	(1,214,348)	-	(695,735)	(a)
ESC37	687401	Pavement Maintenance FY 24	-	381,900	-	(611,278)	-	(229,378)	(a)
Total ESC37 Project			261,947	691,900	-	(1,878,958)	(2)	(925,113)	
Interest Income			2,908	-	486	-	-	3,394	
Total Maintenance			264,855	691,900	486	(1,878,958)	(2)	(921,719)	
Total Local Street Improvements			(321,770)	6,006,601	1,620	(6,852,355)	(434,016)	(1,599,920)	
Smart Growth:									
ESC44	699601	Transit Center Active Transportation Connections	(6,890)	-	-	-	-	(6,890)	(i)
ESC48	699902	Grand Ave Streetscape Improvements	(40,926)	-	-	-	40,926	-	(e)(i)
Total Smart Growth			(47,816)	-	-	-	40,926	(6,890)	
Total <i>TransNet</i> Extension			\$ (369,586)	\$ 6,006,601	\$ 1,620	\$ (6,852,355)	\$ (393,090)	\$ (1,606,810)	

Notes:

- (a) More project expenditures incurred in June 2024 than anticipated, drawdowns were requested in FY 2025 for ESC04, ESC51, ESC58, ESC08, ESC37, ESC38, and ESC39.
- (b) Journal entry was made to include FY23 expenditures of \$393,088 as it was not included in the prior year report.
- (c) Funds will be re-programmed in FY25 towards the Citracado Parkway Extension Project.
- (d) This project will be completed in FY26 and FY27. Additional funds will be added in the next RTIP update.
- (e) Agreement setup included a cost allocation of 42.27% towards SGIP and 57.73% towards MPO ESC48. Since, the project cost were less than the estimated project budget there was a calculation difference. Moved costs from SGIP to ESC48.
- (f) Project is complete.
- (g) The project still has an open consulting agreement to perform a pavement condition survey to gather current street distress data, update the Pavement Condition Index (PCI), and update the City's street inventory.
- (h) Costs were erroneously charged to 694102 adjusting journal entry moved them to 694105.

SCHEDULE B

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
ESC02A	691705	East Valley/Valley Center Road	\$ 5,160,417	\$ 8,686	\$ (5,156,561)	\$ 12,542
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	6,219,637	321	(7,146,119)	(926,161)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	2,698,084	-	(2,690,338)	7,746
ESC08	690309	Felicita Ave/Juniper Street	750,000	-	(750,000)	-
ESC24	690029	Centre City/Highway 78 to Mission Ave	110,000	-	(104,420)	5,580
ESC46	609901	Escondido Creek Trail Bike Path Improvements	250,000	-	(112,469)	137,531
ESC48	699902	Grand Ave Streetscape Improvements	987,900	-	(1,011,271)	(23,371)
ESC49	699901	Quince/Tulip Pedestrian Signal	80,000	-	(79,037)	963
ESC51	698201	Comprehensive Active Transp. Strategy	250,000	-	(294,430)	(44,430)
ESC 58	694401	Escondido Creek Drainage Capac	-	-	(5,324)	(5,324)
Subtotal Congestion Relief			<u>16,506,038</u>	<u>9,007</u>	<u>(17,349,969)</u>	<u>(834,924)</u>
ESC38	694801	Pavement Rehabilitation FY 18	2,709,453	-	(2,709,453)	-
ESC38	694901	Pavement Rehabilitation FY 19	684,873	-	(677,802)	7,071
ESC38	694103	Pavement Rehabilitation FY 22	1,012,194	-	(1,223,903)	(211,709)
ESC38	694104	Pavement Rehabilitation FY 23	700,000	-	(938,706)	(238,706)
ESC38	694105	Pavement Rehabilitation FY 24	<u>981,701</u>	<u>-</u>	<u>(376,393)</u>	<u>605,308</u>
Total ESC38 Project			<u>6,088,221</u>	<u>-</u>	<u>(5,926,257)</u>	<u>161,964</u>
ESC39	691901	Traffic Signals FY 19	120,000	-	(113,050)	6,950
ESC39	691001	Traffic Signals FY 20	<u>975,000</u>	<u>-</u>	<u>(995,114)</u>	<u>(20,114)</u>
Total ESC39 Project			<u>1,095,000</u>	<u>-</u>	<u>(1,108,164)</u>	<u>(13,164)</u>
Interest Income			<u>-</u>	<u>7,923</u>	<u>-</u>	<u>7,923</u>
Total Congestion Relief			<u>23,689,259</u>	<u>16,930</u>	<u>(24,384,390)</u>	<u>(678,201)</u>

(Continued)

CITY OF ESCONDIDO, CALIFORNIA

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project (Continued)

Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
Maintenance:						
ESC37	697901	Pavement Maintenance FY19	\$ 1,676,757	\$ -	\$ (1,676,757)	\$ -
ESC37	687001	Pavement Maintenance FY20	1,155,579	2,121	(1,157,700)	-
ESC37	687101	Pavement Maintenance FY21	1,070,100	-	(1,070,100)	-
ESC37	687201	Pavement Maintenance FY22	1,201,500	-	(1,201,500)	-
ESC37	687301	Pavement Maintenance FY23	701,064	-	(1,396,799)	(695,735)
ESC37	687401	Pavement Maintenance FY24	<u>381,900</u>	<u>-</u>	<u>(611,278)</u>	<u>(229,378)</u>
Total ESC37 Project			<u>6,186,900</u>	<u>2,121</u>	<u>(7,114,134)</u>	<u>(925,113)</u>
Interest Income			<u>-</u>	<u>3,394</u>	<u>-</u>	<u>3,394</u>
Total Maintenance			<u>6,186,900</u>	<u>5,515</u>	<u>(7,114,134)</u>	<u>(921,719)</u>
Total Local Street Improvements			<u>29,876,159</u>	<u>22,445</u>	<u>(31,498,524)</u>	<u>(1,599,920)</u>
Smart Growth:						
ESC44	699601	Transit Center Active Transportation Connections	1,165,172	-	(1,172,062)	(6,890)
ESC48	699902	Grand Ave Streetscape Improvements	<u>1,261,152</u>	<u>-</u>	<u>(1,261,152)</u>	<u>-</u>
Total Smart Growth			<u>2,426,324</u>	<u>-</u>	<u>(2,433,214)</u>	<u>(6,890)</u>
Subtotal Cumulative TransNet Extension			<u>32,302,483</u>	<u>22,445</u>	<u>(33,931,738)</u>	<u>(1,606,810)</u>
Completed Projects:						
Congestion Relief			14,015,453	12,566	(14,028,019)	-
Congestion Relief Pass-Through			344,086	-	(344,086)	-
Maintenance			11,313,711	6,880	(11,320,591)	-
Bikes and Pedestrian			<u>2,253,049</u>	<u>4,479</u>	<u>(2,257,528)</u>	<u>-</u>
Total Completed Projects			<u>27,926,299</u>	<u>23,925</u>	<u>(27,950,224)</u>	<u>-</u>
Total Cumulative TransNet Extension			<u>\$ 60,228,782</u>	<u>\$ 46,370</u>	<u>\$ (61,881,962)</u>	<u>\$ (1,606,810)</u>

SCHEDULE C

CITY OF ESCONDIDO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2024	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2024	June 30, 2023
For Fiscal Year ended June 30, 2017	June 30, 2024	ESC04	\$ 453,403	\$ -	\$ (453,403)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	ESC04	726,884	-	(726,884)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	ESC04	64,347	-	(64,347)	-	-	-	-
For Fiscal Year ended June 30, 2020	June 30, 2027	ESC04	106,094	-	(106,094)	-	-	-	-
For Fiscal Year ended June 30, 2021	June 30, 2028	ESC04	1,074,561	247,390	(1,321,951)	-	-	-	690,425
For Fiscal Year ended June 30, 2022	June 30, 2029	ESC04	726,410	-	(726,410)	-	-	-	726,410
For Fiscal Year ended June 30, 2023	June 30, 2030	ESC04	511,469	-	(511,469)	-	-	-	511,469
For Fiscal Year ended June 30, 2024	June 30, 2031	ESC04	1,157,972	-	(1,157,972)	-	-	-	-
Interest Income			-	-	-	-	-	-	247,390
Total RTCIP Funds			\$ 4,821,140	\$ 247,390	\$ (5,068,530)	\$ -	\$ -	\$ -	\$ 2,175,694

CITY OF IMPERIAL BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Imperial Beach, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: The City does not maintain a separate fund for *TransNet*. As a result, the City has to manually calculate interest income between *TransNet* and RTCIP funds. No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,244,696. We selected \$445,258 (35.77%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP during FY24.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments during FY24.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: This procedure is not applicable as there were no completed projects during FY24.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no completed projects during FY24.

- 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, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as 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 inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments in Schedule A.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: This procedure is not applicable as there were no completed projects reported in the prior year's Schedule A.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$899,992
Less: debt service payment	<u>(441,119)</u>
Net estimated apportionment	458,873
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>137,662</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(416,931)
Maintenance fund balance	<u>104</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(416,827)</u>
Fund balance under apportionment	<u>\$ 554,489</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(416,931)	\$ 554,577	\$ 137,646
Maintenance	<u>104</u>	<u>332,053</u>	<u>332,157</u>
Totals	<u>\$(416,827)</u>	<u>\$ 886,630</u>	<u>\$ 469,803</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 22.68% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$10,158,702	\$ 486,213	\$10,644,915
Maintenance	3,249,602	304,108	3,553,710
Interest	<u>40,156</u>	<u>96,309</u>	<u>136,465</u>
Total local street and road revenue	<u>\$13,448,460</u>	<u>\$886,630</u>	<u>\$14,335,090</u>
30% of total local street and road revenue			\$ 4,300,527
Less maintenance expenditures incurred to date			<u>(3,251,304)</u>
Available maintenance funds			\$ <u>1,049,223</u>
Cumulative percentage expended for maintenance			<u>22.68%</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, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Interest</u>	<u>Total</u>
Commercial Paper Debt Services	\$649,428	\$196,000	\$438,266	\$407,162	\$2,853	\$441,119

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$30,974,365</u>	<u>\$23,021,407</u>	<u>1.35</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.35.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$146,928
Growth Rate	<u>1.35</u>
Adjusted MOE base as of June 30, 2024	<u>\$198,353</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
- 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$ 776,345
Less MOE base year requirement	(<u>146,928</u>)
Excess MOE for the year ended June 30, 2024	<u>\$ 629,417</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$269,210. We selected \$208,422 (77.42%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of total dollar amount of expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 7, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF IMPERIAL BEACH, CALIFORNIA

TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
IB12	S22101	Major Street Improvements	\$ (5,441)	\$ 52,756	\$ -	\$ (50,392)	\$ -	\$ (3,077)	(a)
IB21	S20112	SR-75 Signal Interconnection Project (CP)	(82,081)	196,000	-	(214,919)	-	(101,000)	(a)
IB23	S22107	10th St. Streetscape Enhancement Project	(21,800)	82,512	-	(373,566)	-	(312,854)	(a)
		Commercial Paper Debt Service	-	441,119	-	(441,119)	-	-	
		Total Congestion Relief	(109,322)	772,387	-	(1,079,996)	-	(416,931)	
Maintenance:									
IB02	N/A	Street Maintenance - Operations	103	164,700	1	(164,700)	-	104	
		Total Maintenance	103	164,700	1	(164,700)	-	104	
		Total Local Street Improvements	(109,219)	937,087	1	(1,244,696)	-	(416,827)	
		Total <i>TransNet</i> Extension	(109,219)	937,087	1	(1,244,696)	-	(416,827)	
		GASB 31 Market Value Adjustment	2,722	-	-	-	-	2,722	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	(106,497)	937,087	1	(1,244,696)	-	(414,105)	
Non-TransNet									
IB22	S22101	9th St. Active Transportation Corridor	(29,727)	305,506	-	(288,695)	-	(12,916)	(a)
IB23	S22107	10th St. Streetscape Grant (Clean CA)	(39,515)	765,692	-	(726,177)	-	-	
		Total Non- <i>TransNet</i>	(69,242)	1,071,198	-	(1,014,872)	-	(12,916)	
Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>			\$ (175,739)	\$ 2,008,285	\$ 1	\$ (2,259,568)	\$ -	\$ (427,021)	

Notes:

(a) The City will request drawdown/ reimbursement in FY25 to address the deficit.

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2024

<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, 2024</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
IB12	S22101	Major Street Improvements	\$ 6,811,953	\$ 38,350	\$ (6,853,380)	\$ (3,077)
IB21	S20112	SR-75 Signal Interconnection Project	499,000	-	(600,000)	(101,000)
IB23	S22107	10th St. Streetscape Enhancement Project	108,136	-	(420,990)	(312,854)
		Commercial Paper Debt Services	1,439,596	-	(1,439,596)	-
		Total Congestion Relief	8,858,685	38,350	(9,313,966)	(416,931)
Maintenance:						
IB02	N/A	Street Maintenance - Operations	3,232,225	1,806	(3,233,927)	104
		Total Maintenance	3,232,225	1,806	(3,233,927)	104
		Total Local Street Improvements	12,090,910	40,156	(12,547,893)	(416,827)
Completed Projects:						
		Congestion Relief	1,300,009	-	(1,300,009)	-
		Maintenance	17,377	-	(17,377)	-
		Smart Growth Grant	795,281	-	(795,281)	-
		Bicycles and Pedestrian	1,800,000	-	(1,800,000)	-
		Active Transport Grants	50,000	-	(50,000)	-
		Total Completed Projects	3,962,667	-	(3,962,667)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 16,053,577	\$ 40,156	\$ (16,510,560)	\$ (416,827)

SCHEDULE C

CITY OF IMPERIAL BEACH, CALIFORNIA

TransNet Extension Activities
RTCIP Fund

Year Ended June 30, 2024

Cumulative									
Project Year	Last Date to Commit funds	MPO ID	Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2024	Cumulative Status	
								June 30, 2024	June 30, 2023
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	-	(352,277)	-	-	-	64,118
For Fiscal Year ended June 30, 2019	June 30, 2026	IB11	38,178	-	(38,178)	-	-	-	38,178
For Fiscal Year ended June 30, 2020	June 30, 2027	IB11	61,329	-	(61,329)	-	-	-	61,329
For Fiscal Year ended June 30, 2021	June 30, 2028	IB11	25,838	-	(25,838)	-	-	-	25,838
For Fiscal Year ended June 30, 2022	June 30, 2029	IB11	31,626	-	(31,626)	-	-	-	31,626
For Fiscal Year ended June 30, 2023	June 30, 2030	IB11	48,388	-	(48,388)	-	-	-	48,388
For Fiscal Year ended June 30, 2024	June 30, 2031	IB11	46,613	-	(133)	-	-	46,480	-
Interest Income			-	17,002	-	-	-	17,002	15,351
Total RTCIP Funds			802,237	17,002	(755,757)	-	-	63,482	284,828
GASB 31 Market Value Adjustment			-	3,017	-	-	-	3,017	(696)
Total RTCIP Funds			\$ 802,237	\$ 20,019	\$ (755,757)	\$ -	\$ -	\$ 66,499	\$ 284,132

CITY OF LA MESA, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of La Mesa, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income reported on Schedule A in FY24.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there was no interest income reported in FY24.

- f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,092,376. We selected \$314,995 (28.84%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as there were no payroll expenditures identified during FY24.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet*

program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no projects during FY24 that were inactive.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no projects during FY24 that were inactive.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: 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 inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$2,175,866
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,175,866
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>652,760</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(388,906)
Maintenance fund balance	<u>(542,249)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(931,155)</u>
Fund balance under apportionment	<u>\$1,583,915</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(388,906)	\$1,781,093	\$1,392,187
Maintenance	<u>(542,249)</u>	<u>3,744,943</u>	<u>3,202,694</u>
Totals	<u>\$(931,155)</u>	<u>\$5,526,036</u>	<u>\$4,594,881</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 16.57% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$22,949,661	\$1,332,132	\$24,281,793
Maintenance	5,005,615	3,551,943	8,557,558
Interest	<u>700</u>	<u>641,959</u>	<u>642,659</u>
Total local street and road revenue	<u>\$27,955,976</u>	<u>\$5,526,034</u>	<u>\$33,482,010</u>
30% of total local street and road revenue			\$10,044,603
Less maintenance expenditures incurred to date			<u>(5,548,056)</u>
Available maintenance funds			<u>\$4,496,547</u>
Cumulative percentage expended for maintenance			<u>16.57%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: This procedure was not completed as the City's ACFR for the Fiscal Year Ending June 30, 2024, is not yet available.

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: This procedure was not completed as the City's ACFR for the Fiscal Year Ending June 30, 2024, is not yet available.

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: This procedure was not completed as the City's ACFR for the Fiscal Year Ending June 30, 2024, is not yet available.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: This procedure was not completed as the City's ACFR for the Fiscal Year Ending June 30, 2024, is not yet available.

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$4,682,808
Less MOE base year requirement	<u>(1,274,724)</u>
Excess MOE for the year ended June 30, 2024	<u>\$3,408,084</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2024.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for the fiscal year ending June 30, 2024.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP expenditures for the fiscal year ending June 30, 2024.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as the City did not report interest income at June 30, 2024.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 30, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 16. We documented the status of any prior year findings and recommendations.

Results: The City had one prior year finding related to the use of incorrect exaction fees for RTCIP collections. Per discussion with the City, it was noted that they were not able to recoup the \$2,067 under-collected from developers in FY23. As a result, the City has made a transfer from the General Fund to absorb the loss for FY23. Furthermore, this finding was not repeated in FY24.

- 17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	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:									
LAM34	2232TR	Street Lights/ OH Utilities 23	11	73,834	-	(156,028)	-	(82,183)	(a)
LAM37	2223TR	Traffic Signal Upgrades 22	(19,354)	19,354	-	-	-	-	(b)
LAM37	2233TR	Traffic Signal Upgrades 23	(25,801)	90,128	-	(78,491)	-	(14,164)	(a)
LAM37	2243TR	Traffic Signal Upgrades 24	-	8,810	-	(32,798)	-	(23,988)	(a)
		Total LAM37 Projects	(45,155)	118,292	-	(111,289)	-	(38,152)	
LAM39	2204TR	Traffic Calming Program 20	2	12,873	-	(12,873)	-	2	
LAM39	2214TR	Traffic Calming Program 21	-	-	-	(23,702)	-	(23,702)	(a)
		Total LAM39 Projects	2	12,873	-	(36,575)	-	(23,700)	
LAM40	2205TR	Street Construction 20	6	-	-	-	-	6	
LAM40	2215TR	Street Construction 21	(3,017)	6,145	-	(36,193)	-	(33,065)	(a)
LAM40	2225TR	Street Construction 22	(4)	37,061	-	(50,436)	-	(13,379)	(a)
LAM40	2235TR	Street Construction 23	-	500	-	(15,347)	-	(14,847)	(a)
LAM40	2245TR	Street Construction 24	-	-	-	(91,326)	-	(91,326)	(a)
		Total LAM40 Projects	(3,015)	43,706	-	(193,302)	-	(152,611)	
LAM44	4210TR	Roadway Drainage Improvements 21	19	-	-	-	-	19	
LAM44	4221TR	Roadway Drainage Improvements 22	-	-	-	(25,225)	-	(25,225)	(a)
LAM44	4241TR	Roadway Drainage Improvements 24	-	-	-	(24,238)	-	(24,238)	(a)
		Total LAM44 Projects	19	-	-	(49,463)	-	(49,444)	
LAM52	2239TR	LM Bike & Sidewalk	-	-	-	(43,324)	-	(43,324)	(a)
		Interest Income	508	-	-	-	-	508	
		Total Congestion Relief	\$ (47,630)	\$ 248,705	\$ -	\$ (589,981)	\$ -	\$ (388,906)	

(Continued)

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
Maintenance:									
LAM31	General Fund	Street Maintenance	\$ -	\$ -	\$ -	\$ (150,000)	\$ -	\$ (150,000)	(a)
LAM33	2201TR	Curb, Gutter, Sidewalk 20	-	-	-	(33,570)	-	(33,570)	(a)(c)
LAM33	2211TR	Curb, Gutter, Sidewalk 21	-	-	-	(72,870)	-	(72,870)	(a)
LAM33	2221TR	Curb, Gutter, Sidewalk 22	(36,988)	-	-	(33,580)	-	(70,568)	(a)
LAM33	2231TR	Curb, Gutter, Sidewalk 23	(10,458)	-	-	(19,002)	-	(29,460)	(a)
LAM33	2241TR	Curb, Gutter, Sidewalk 24	-	-	-	(185,973)	-	(185,973)	(a)
Total LAM33 Projects			(47,446)	-	-	(344,995)	-	(392,441)	
Interest Income			192	-	-	-	-	192	
Total Maintenance			(47,254)	-	-	(494,995)	-	(542,249)	
Total Local Street Improvements			(94,884)	256,105	-	(1,092,376)	-	(931,155)	
Senior Mini-Grants:									
LAM27	212001	La Mesa Rides4Neighbors	(2,433)	-	-	-	-	(2,433)	(a)
Total Senior Mini-Grants			(2,433)	-	-	-	-	(2,433)	
Smart Growth Grant									
LAM47	2168OT	North Spring Street	(12)	-	-	-	12	-	(d)
LAM49	220EOT	Complete Streets Design Manual	(15,443)	15,457	-	-	-	14	(e)
Total Smart Growth Grant			(15,455)	15,457	-	-	12	14	
Total <i>TransNet</i> Extension			\$ (112,772)	\$ 271,562	\$ -	\$ (1,092,376)	\$ 12	\$ (933,574)	

Notes:

- (a) This is a reimbursable funding source and expenditures are expected to be in excess of funding while the project is active.
- (b) Project Completed in FY24.
- (c) Work for this phase of the project is complete, awaiting final reimbursement from SANDAG.
- (d) JE 1270 moved \$12 expenditure to HUTA 2227FT Account
- (e) Project Completed in FY24. Excess funding will be transferred to another project or returned to SANDAG in FY25.

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
LAM46	n/a	Regional Arterial Management Systems	\$ 88,800	\$ -	\$ (88,800)	\$ -
		Total Congestion Relief - Pass-Through	88,800	-	(88,800)	-
Congestion Relief:						
LAM34	2232TR	Street Lights/ OH Utilities 23	79,396	-	(161,579)	(82,183)
LAM37	2223TR	Traffic Signal Upgrades 22	99,014	-	(99,014)	-
LAM37	2233TR	Traffic Signal Upgrades 23	128,127	-	(142,291)	(14,164)
LAM37	2243TR	Traffic Signal Upgrades 24	8,810	-	(32,798)	(23,988)
		Total LAM 37 Projects	235,951	-	(274,103)	(38,152)
LAM39	2204TR	Traffic Calming Program 20	92,760	-	(92,758)	2
LAM39	2214TR	Traffic Calming Program 21	-	-	(23,702)	(23,702)
		Total LAM 39 Projects	92,760	-	(116,460)	(23,700)
LAM40	2205TR	Street Construction 20	268,973	-	(268,967)	6
LAM40	2215TR	Street Construction 21	109,468	-	(142,533)	(33,065)
LAM40	2225TR	Street Construction 22	238,621	-	(252,000)	(13,379)
LAM40	2235TR	Street Construction 23	1,800	-	(16,647)	(14,847)
LAM40	2245TR	Street Construction 24	-	-	(91,326)	(91,326)
		Total LAM40 Projects	618,862	-	(771,473)	(152,611)
LAM44	4210TR	Roadway Drainage Improvements 21	258,391	-	(258,372)	19
LAM44	4221TR	Roadway Drainage Improvements 22	-	-	(25,225)	(25,225)
LAM44	4241TR	Roadway Drainage Improvements 24	-	-	(24,238)	(24,238)
		Total LAM44 Projects	258,391	-	(307,835)	(49,444)
LAM52	2239TR	LM Bike & Sidewalk	-	-	(43,324)	(43,324)
		Interest Income	-	508	-	508
		Total Congestion Relief	\$ 1,285,360	\$ 508	\$ (1,674,774)	\$ (388,906)

(Continued)

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
Maintenance:						
LAM31	General Fund	Street Maintenance	\$ 1,658,281	\$ -	\$ (1,808,281)	\$ (150,000)
LAM33	2201TR	Curb, Gutter, Sidewalk 20	159,431		(193,001)	(33,570)
LAM33	2211TR	Curb, Gutter, Sidewalk 21	126,445	-	(199,315)	(72,870)
LAM33	2221TR	Curb, Gutter, Sidewalk 22	128,014	-	(198,582)	(70,568)
LAM33	2231TR	Curb, Gutter, Sidewalk 23	95,541	-	(125,001)	(29,460)
LAM33	2241TR	Curb, Gutter, Sidewalk 24	-	-	(185,973)	(185,973)
		Total LAM33 Projects	509,431	-	(901,872)	(392,441)
		Interest Income	-	192	-	192
		Total Maintenance	2,167,712	192	(2,710,153)	(542,249)
		Total Local Street Improvements	3,541,872	700	(4,473,727)	(931,155)
Senior Mini-Grants:						
LAM27	212001	La Mesa Rides4Neighbors	1,464,063	-	(1,466,496)	(2,433)
		Total Senior Mini-Grants	1,464,063	-	(1,466,496)	(2,433)
Smart Growth Grant						
LAM49	30220EOT	North Spring Street	992,502	-	(992,502)	-
LAM49	30220EOT	Complete Streets Design Manual	169,802	-	(169,788)	14
		Total Smart Growth	1,162,304	-	(1,162,290)	14
		Subtotal Cumulative <i>TransNet</i> Extension	\$ 6,168,239	\$ 700	\$ (7,102,513)	\$ (933,574)
Completed Projects:						
		Local Street Improvements				
		Congestion Relief	\$ 21,575,501	\$ -	\$ (21,575,501)	\$ -
		Maintenance	2,837,903	-	(2,837,903)	-
		Smart Growth	2,000,000	-	(2,000,000)	-
		Bikes and Pedestrians	449,000	-	(449,000)	-
		Total Completed Projects	26,862,404	-	(26,862,404)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 33,030,643	\$ 700	\$ (33,964,917)	\$ (933,574)

SCHEDULE C

CITY OF LA MESA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2024	June 30, 2024	June 30, 2023	
For Fiscal Year ended June 30, 2017	June 30, 2024		\$ 43,984	\$ -	\$ (43,984)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2018	June 30, 2025		382,078	-	(382,078)	-	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026		519,185	-	(519,185)	-	-	-	-	
For Fiscal Year ended June 30, 2020	June 30, 2027		572,799	-	(572,799)	-	-	-	-	
For Fiscal Year ended June 30, 2021	June 30, 2028		2,533	-	(2,533)	-	-	-	-	
For Fiscal Year ended June 30, 2022	June 30, 2029		187,061	-	(34,033)	-	-	153,028	153,028	
For Fiscal Year ended June 30, 2023	June 30, 2030		210,881	-	-	2,067	-	212,948	210,881	(a)
For Fiscal Year ended June 30, 2024	June 30, 2031		238,551	-	-	-	-	238,551	-	
Interest Income			-	43,881	-	-	-	43,881	43,881	(b)
Total RTCIP Funds			<u>\$ 2,157,072</u>	<u>\$ 43,881</u>	<u>\$ (1,554,612)</u>	<u>\$ 2,067</u>	<u>\$ -</u>	<u>\$ 648,409</u>	<u>\$ 407,790</u>	

Notes:

- (a) Adjustment is for City absorbing undercollected exactions from FY 23. City has transferred funds from the general fund to cover the costs.
- (b) Interest income for FY24 will be allocated to the RTCIP Fund in FY25.

CITY OF LEMON GROVE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Lemon Grove, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income reported on Schedule A.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there were no interest income reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.
- Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
- Results: The City recorded total *TransNet* expenditures in the amount of \$1,066,817. We selected \$298,644 (27.99%) 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% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.
- Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.
- Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect

cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City has a formal cost allocation plan that was adopted by City Council in June of 2019. The cost allocation plan has been submitted for reference. In FY24 salaries and benefits charged to the *TransNet* fund were \$51,768. In addition, payments for services made to the City Engineer, Rick Engineering, was allocated to the *TransNet* program to reflect the time the Engineer spent working on *TransNet* projects, such as the annual road repaving program and storm drain design. The City contracts out for engineering services, therefore these costs are reflected as a professional services contract rather than as internal staff within the salaries and benefits. In FY24, this expenditure totaled \$50,271. In total the City allocated \$102,039 of indirect costs to the *TransNet* program, which represents 9.56% of total *TransNet* expenditures during FY24. The overhead costs are then allocated to the Congestion Relief and Preventative Maintenance projects based on actual expense for the current year.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects during FY24.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects during FY24.

- 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 inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$996,974
Less: debt service payment	<u>-</u>
Net estimated apportionment	996,974
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>299,092</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	6,254
Maintenance fund balance	<u>(262,555)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(256,301)</u>
Fund balance under apportionment	<u>\$ 555,393</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 6,254	\$1,521,059	\$1,527,313
Maintenance	(262,555)	710,169	447,614
Totals	<u>\$(256,301)</u>	<u>\$2,231,228</u>	<u>\$1,974,927</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 26.18% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$7,023,388	\$1,334,683	\$8,358,071
Maintenance	2,932,169	630,569	3,562,738
Interest	<u>16,513</u>	<u>265,976</u>	<u>282,489</u>
Total local street and road revenue	<u>\$9,972,070</u>	<u>\$2,231,228</u>	<u>\$12,203,298</u>
30% of total local street and road revenue			\$ 3,660,989
Less maintenance expenditures incurred to date			<u>(3,195,092)</u>
Available maintenance funds			\$ <u>465,897</u>
Cumulative percentage expended for maintenance			<u>26.18%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$23,232,928</u>	<u>\$18,896,186</u>	<u>1.23</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.23.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$127,907
Growth Rate	<u>1.23</u>
Adjusted MOE base as of June 30, 2024	<u>\$157,326</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$1,209,568
Less MOE base year requirement	<u>(127,907)</u>
Excess MOE for the year ended June 30, 2024	<u>\$1,081,661</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
 - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.
 - i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$10,121. We selected \$9,461 (93.48%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures during FY24.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on November 6, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF LEMON GROVE, CALIFORNIA

TransNet Extension Activities

Schedule of Status of Funds by Project

Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	\$ 16,931	\$ -	\$ -	\$ -	\$ (14,351)	\$ 2,580	(a)
LG20	7300	Street Improvements - Congestion Relief	(6,314)	30,380	-	-	(20,456)	3,610	(a)
Interest Income			64	-	-	-	-	64	
Total Congestion Relief			10,681	30,380	-	-	(34,807)	6,254	
Maintenance:									
LG14	7310	Traffic Improvements - Preventive Maintenance	284	47,715	-	(180,462)	(26,513)	(158,976)	(a)(b)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	(7,509)	19,481	-	(73,792)	(13,162)	(74,982)	(a)(b)
LG17	7150	Street Improvements - Preventive Maintenance	1,131	7,850	-	(28,088)	(9,518)	(28,625)	(a)(b)
Interest Income			28	-	-	-	-	28	
Total Maintenance			(6,066)	75,046	-	(282,342)	(49,193)	(262,555)	
Total Local Street Improvements			4,615	105,426	-	(282,342)	(84,000)	(256,301)	
Smart Growth Grant:									
LG26	7340	Connect Main St	(92,041)	202,981	-	(784,475)	83,182	(590,353)	(a)(b)
Total Smart Growth Grant			(92,041)	202,981	-	(784,475)	83,182	(590,353)	
Total TransNet Extension			\$ (87,426)	\$ 308,407	\$ -	\$ (1,066,817)	\$ (818)	\$ (846,654)	

Notes:

(a) Adjustments made by the City to reflect additional FY22 and FY23 expenditures and the reallocation of FY22 and 23 indirect costs.

(b) The City has requested additional funds in FY25.

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	\$ 1,096,574	\$ 2,931	\$ (1,096,925)	\$ 2,580
LG20	7300	Street Improvements - Congestion Relief	<u>4,338,394</u>	<u>646</u>	<u>(4,335,430)</u>	<u>3,610</u>
		Interest Income	<u>-</u>	<u>64</u>	<u>-</u>	<u>64</u>
		Total Congestion Relief	<u>5,434,968</u>	<u>3,641</u>	<u>(5,432,355)</u>	<u>6,254</u>
Maintenance:						
LG14	7310	Traffic Improvements - Preventive Maintenance	1,485,492	124	(1,644,592)	(158,976)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	681,688	124	(756,794)	(74,982)
LG17	7150	Street Improvements - Preventive Maintenance	<u>764,989</u>	<u>92</u>	<u>(793,706)</u>	<u>(28,625)</u>
		Interest Income	<u>-</u>	<u>28</u>	<u>-</u>	<u>28</u>
		Total Maintenance	<u>2,932,169</u>	<u>368</u>	<u>(3,195,092)</u>	<u>(262,555)</u>
		Total Local Street Improvements	<u>8,367,137</u>	<u>4,009</u>	<u>(8,627,447)</u>	<u>(256,301)</u>
Smart Growth Grant:						
LG26	7340	Connect Main St	<u>557,573</u>	<u>-</u>	<u>(1,147,926)</u>	<u>(590,353)</u>
		Total Smart Growth Grant	<u>557,573</u>	<u>-</u>	<u>(1,147,926)</u>	<u>(590,353)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>8,924,710</u>	<u>4,009</u>	<u>(9,775,373)</u>	<u>(846,654)</u>
Completed Projects:						
		Congestion Relief	1,588,420	12,504	(1,600,924)	-
		Smart Growth Grant	<u>3,275,001</u>	<u>-</u>	<u>(3,275,001)</u>	<u>-</u>
		Total Completed Projects	<u>4,863,421</u>	<u>12,504</u>	<u>(4,875,925)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 13,788,131</u>	<u>\$ 16,513</u>	<u>\$ (14,651,298)</u>	<u>\$ (846,654)</u>

CITY OF LEMON GROVE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2024	Cumulative Status		Note
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2024	June 30, 2023	
For Fiscal Year ended June 30, 2017	June 30, 2024	LG 13	\$ 51,854	\$ 2,997	\$ (54,851)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2018	June 30, 2025	LG 13	50,484	5,909	(56,393)	-	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026	LG 13	52,888	2,012	(54,900)	-	-	-	18	
For Fiscal Year ended June 30, 2020	June 30, 2027	LG 13	40,351	-	(10,103)	-	-	30,248	40,351	
For Fiscal Year ended June 30, 2021	June 30, 2028		35,229	-	-	-	-	35,229	35,229	
For Fiscal Year ended June 30, 2022	June 30, 2029		311,993	-	-	(52,007)	-	259,986	311,993	(a)
For Fiscal Year ended June 30, 2023	June 30, 2030		144,437	-	-	-	-	144,437	144,437	
For Fiscal Year ended June 30, 2024	June 30, 2031		194,680	-	-	-	-	194,680	-	
Interest Income			-	27,108	-	-	-	27,108	7,737	
Total RTCIP Funds			\$ 881,916	\$ 38,026	\$ (176,247)	\$ (52,007)	\$ -	\$ 691,688	\$ 539,765	

Notes:

- (a) City adjustment is due to an exception made to a developer, allowing the developer to delay the RTCIP fee payment until the time of a Certificate of Occupancy issuance or the completion of the final inspection, whichever comes first. In October 2024, the developer paid the full amount.

CITY OF NATIONAL CITY, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of National City, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: This procedure is not applicable as no interest income was reported on Schedule A.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as no interest income was reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.
- Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
- Results: The City recorded total *TransNet* expenditures in the amount of \$1,896,283. We selected \$1,301,022 (68.61%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.
- Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.
- Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects in FY24.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect

cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as the City did not allocate indirect costs to *TransNet* projects in FY24.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments made to projects on Schedule A in FY24.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: This procedure is not applicable as there were no projects completed in the previous or current fiscal year.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no projects completed in FY24.

- 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, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: There are three projects that have been inactive over the past two years. The City indicated that for NC29, NC34, and NC35, "The Engineering Department will conduct a review of inactive projects and their statuses in FY 25, and will either continue the projects or request a final reimbursement." The status of these projects has been added to Schedule A.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: SANDAG approved the reason for the inactivity on January 24, 2025.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity included within Schedule A in FY 24.
7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments made to projects on Schedule A in FY24.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: This procedure is not applicable as the City did not have any completed projects in the prior or current year's Schedule A.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$2,011,980
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,011,980
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>603,594</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(1,801,289)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,801,289)</u>
Fund balance under apportionment	<u>\$2,404,883</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are indicated on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,801,289)	\$(1,361,107)	\$(3,162,396)
Maintenance	-	7,386,999	7,386,999
Totals	<u>\$(1,801,289)</u>	<u>\$ 6,025,892</u>	<u>\$ 4,224,603</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 0.00% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$22,208,332	\$(2,013,249)	\$20,195,083
Maintenance	-	7,132,951	7,132,951
Interest	<u>53,807</u>	<u>906,190</u>	<u>959,997</u>
Total local street and road revenue	<u>\$22,262,139</u>	<u>\$ 6,025,892</u>	<u>\$28,288,031</u>
30% of total local street and road revenue			\$8,486,409
Less maintenance expenditures incurred to date			<u>-</u>
Available maintenance funds			<u>\$8,486,409</u>
Cumulative percentage expended for maintenance			<u>0.00%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: This procedure was not completed as the City's ACFR for the Fiscal Year Ending June 30, 2024, is not yet available.

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: This procedure was not completed as the City's ACFR for the Fiscal Year Ending June 30, 2024, is not yet available.

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: This procedure was not completed as the City's ACFR for the Fiscal Year Ending June 30, 2024, is not yet available.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: This procedure was not completed as the City's ACFR for the Fiscal Year Ending June 30, 2024, is not yet available.

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$2,955,675
Less MOE base year requirement	<u>(1,278,879)</u>
Excess MOE for the year ended June 30, 2024	<u>\$1,676,796</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$14,785. We selected \$9,220 (62.36%) for testing. No exceptions noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the city did not incur payroll expenditures for RTCIP projects in FY 24.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP

general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 29, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 16. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through									
NC04	6558	Regional Arterial Management Systems	\$ -	\$ 8,000	\$ -	\$ (8,000)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	8,000	-	(8,000)	-	-	
Congestion Relief:									
NC03	6035	Street Resurfacing Project	(737,804)	-	-	(861,961)	-	(1,599,765)	(a)
NC04	6558	Traffic Signal Install/Upgrade	90,322	-	-	(49,684)	-	40,638	
NC15	6166	Citywide Safe Routes to School	(190,905)	-	-	(51,257)	-	(242,162)	(a)
		Total Congestion Relief	(838,387)	-	-	(962,902)	-	(1,801,289)	
		Total Local Street Improvements	(838,387)	8,000	-	(970,902)	-	(1,801,289)	
Smart Growth:									
NC29	6604	24th Street TOD Overlay	(56,184)	-	-	-	-	(56,184)	(b)
NC36	6605	Roosevelt Ave Corridor	(10,852)	27,044	-	-	(2,555)	13,637	(c)
NC37	6606	Sweetwater Rd Protected Bikeway	(326,850)	446,045	-	(684,878)	-	(565,683)	(d)
NC43	478	Together We Plan National City	(123,081)	93,634	-	-	-	(29,447)	(e)
		Total Smart Growth	(516,967)	566,723	-	(684,878)	(2,555)	(637,677)	
Active Transportation Grant - Bike and Pedestrian:									
NC34	6603	Waterfront To Homefront Connectivity	(12,447)	-	-	-	-	(12,447)	(b)
NC35	6602	National City Bike Parking Enhancements	(1,801)	-	-	-	-	(1,801)	(b)
NC38	1925	National City Bike Wayfinding	(69,650)	-	-	(31,119)	-	(100,769)	(d)
NC39	6588	Central Community Mobility Enhancements	(100,398)	-	-	(43,770)	-	(144,168)	(d)
NC40	6610	Bayshore Bikeway - Segment 5	(38,624)	-	-	-	-	(38,624)	(d)
NC42	6608	Highland Ave Inter-City Bike Connection	(53,405)	-	-	(165,614)	-	(219,019)	(d)
		Total Bike and Pedestrian	(276,325)	-	-	(240,503)	-	(516,828)	
Total <i>TransNet</i> Extension			\$ (1,631,679)	\$ 574,723	\$ -	\$ (1,896,283)	\$ (2,555)	\$ (2,955,794)	

Notes:

- (a) The City will request a drawdown to remove the deficit in FY 25.
- (b) This project has been inactive over the past two years. The Engineering Department will assess the need for future work to complete the project, or will request final reimbursement in FY 25.
- (c) Adjustment to reflect previously unreported expenditures which occurred in FY 19.
- (d) Engineering Department will conduct a review of this account and will request a reimbursement in FY 25.
- (e) Housing Department will request a reimbursement for the balance in FY 25.

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
NC04	6558	Regional Arterial Management Systems	\$ 96,000	\$ -	\$ (96,000)	\$ -
		Total Congestion Relief - Pass-Through	96,000	-	(96,000)	-
Congestion Relief:						
NC03	6035	Street Resurfacing Project	11,913,110	7,183	(13,520,058)	(1,599,765)
NC04	6558	Traffic Signal Install/Upgrade	2,326,233	22,118	(2,307,713)	40,638
NC15	6166	Citywide Safe Routes to School Tax	3,101,700	13,415	(3,357,277)	(242,162)
		Total Congestion Relief	17,341,043	42,716	(19,185,048)	(1,801,289)
		Total Local Street Improvements	17,437,043	42,716	(19,281,048)	(1,801,289)
Smart Growth:						
NC29	6604	24th Street TOD Overlay	446,426	-	(502,610)	(56,184)
NC36	6605	Roosevelt Ave Corridor	2,079,999	-	(2,066,362)	13,637
NC37	6606	Sweetwater Rd Protected Bikeway	1,628,112	-	(2,193,795)	(565,683)
NC43	478	Together We Plan National City	265,030	-	(294,477)	(29,447)
		Total Smart Growth	4,419,567	-	(5,057,244)	(637,677)
Active Transportation Grant:						
Bike and Pedestrian:						
NC34	6603	Waterfront To Homefront Connectivity	185,554	-	(198,001)	(12,447)
NC35	6604	National City Bike Parking Enhancements	46,072	-	(47,873)	(1,801)
NC38	1925	National City Bike Wayfinding	-	-	(100,769)	(100,769)
NC39	6588	Central Community Mobility Enhancements	-	-	(144,168)	(144,168)
NC40	6610	Bayshore Bikeway - Segment 5	-	-	(38,624)	(38,624)
NC42	6608	Highland Ave Inter-City Bike Connection	-	-	(219,019)	(219,019)
		Total Bike and Pedestrian	231,626	-	(748,454)	(516,828)
		Subtotal Cumulative <i>TransNet</i> Extension	22,088,236	42,716	(25,086,746)	(2,955,794)

(Continued)

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
		Completed Projects:				
		Congestion Relief	\$ 4,771,289	\$ 11,091	\$ (4,782,380)	\$ -
		Smart Growth	7,145,000	-	(7,145,000)	-
		Bikes and Pedestrian	1,806,861	-	(1,806,861)	-
		Total Completed Projects	13,723,150	11,091	(13,734,241)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 35,811,386	\$ 53,807	\$ (38,820,987)	\$ (2,955,794)

SCHEDULE C

CITY OF NATIONAL CITY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2024	June 30, 2023
For Fiscal Year ended June 30, 2017	June 30, 2024	NC01	\$ 28,143	\$ -	\$ (28,143)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	NC01	494,561	-	(181,688)	-	-	312,873	327,658
For Fiscal Year ended June 30, 2019	June 30, 2026		141,430	-	-	-	-	141,430	141,430
For Fiscal Year ended June 30, 2020	June 30, 2027		1,061,746	-	-	-	-	1,061,746	1,061,746
For Fiscal Year ended June 30, 2021	June 30, 2028		136,652	-	-	-	-	136,652	136,652
For Fiscal Year ended June 30, 2022	June 30, 2029		220,926	-	-	-	-	220,926	220,926
For Fiscal Year ended June 30, 2023	June 30, 2030		260,790	-	-	-	-	260,790	260,790
For Fiscal Year ended June 30, 2024	June 30, 2031		71,387	-	-	-	-	71,387	-
Interest Income			-	120,708	-	-	-	120,708	89,800
Subtotal RTCIP Funds			2,415,635	120,708	(209,831)	-	-	2,326,512	2,239,002
GASB 31 Market Value Adjustment			-	47,793	-	-	-	47,793	29,066
Total RTCIP Funds			<u>\$ 2,415,635</u>	<u>\$ 168,501</u>	<u>\$ (209,831)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,374,305</u>	<u>\$ 2,268,068</u>

CITY OF OCEANSIDE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Oceanside, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$4,987,002. We selected \$2,826,389 (56.68%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2024. The City's indirect cost plan was last approved during FY 2010 by Development Services Director and Financial Services Director. The City allocates costs based on all expenses charged to the designated Engineering Account, as a percentage of each active CIP account on a quarterly basis. The City allocated a total of \$146,249 of indirect costs in the RTIP, resulting in 2.93% of indirect costs compared to total *TransNet* expenditures. The City's methodology for allocating indirect costs appears reasonable. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA firm. No exceptions were noted as a result of our procedures.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: There are two projects that have been inactive over the past two years. The City indicated that "O17 is on hold pending the construction of a new sewer line to be completed by the Water Utilities department. The project is expected to resume in FY26-27". Additionally, "O41 is a completed project and pending a final drawdown which should occur in FY25." The status of these projects have been added to Schedule A.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: SANDAG approved the reason for the inactivity on January 13, 2025.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as 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 inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$6,214,838
Less: debt service payment	<u>-</u>
Net estimated apportionment	6,214,838
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>1,864,451</u>
Less:	
Local Streets and Roads fund balance	(195,079)
Local Street Improvement:	
Congestion Relief fund balance	(1,322,237)
Maintenance fund balance	<u>(1,368)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,518,684)</u>
Fund balance under apportionment	<u>\$3,383,135</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are indicated on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(1,322,237)	\$5,937,122	\$4,614,885
Maintenance	<u>(1,368)</u>	<u>8,939,682</u>	<u>8,938,314</u>
Totals	<u>\$(1,323,605)</u>	<u>\$14,876,804</u>	<u>\$13,553,199</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 17.88% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$58,473,078	\$ 4,667,059	\$63,140,137
Maintenance	15,925,406	8,384,015	24,309,421
Interest	<u>273,332</u>	<u>1,825,730</u>	<u>2,099,062</u>
Total local street and road revenue	<u>\$74,671,816</u>	<u>\$14,876,804</u>	<u>\$89,548,620</u>
30% of total local street and road revenue			\$26,864,586
Less maintenance expenditures incurred to date			<u>(16,008,927)</u>
Available maintenance funds			<u>\$10,885,659</u>
Cumulative percentage expended for maintenance			<u>17.88%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$231,641,251</u>	<u>\$177,734,877</u>	<u>1.30</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.30.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,965,970
Growth Rate	<u>1.30</u>
Adjusted MOE base as of June 30, 2024	<u>\$2,555,761</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$6,226,734
Less MOE base year requirement	<u>(1,965,970)</u>
Excess MOE for the year ended June 30, 2024	<u>\$4,260,764</u>

- 14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
 - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
 - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.
 - i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$549,284. We selected \$247,839 (45.12%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as RTCIP payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 25, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet:									
Local Streets and Roads:									
O14	914560800212	Douglas Dr. Bridge Seismic Retro	\$ (197,727)	\$ 200,620	\$ -	\$ (364,622)	\$ -	\$ (361,729)	(a)
O14	914560900212	No Coast Hwy Bridge Seismic Retro	(145,695)	-	-	(1,689)	314,034	166,650	(b)
Total Local Streets and Roads			(343,422)	200,620	-	(366,311)	314,034	(195,079)	
Total <i>TransNet</i>			(343,422)	200,620	-	(366,311)	314,034	(195,079)	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
O35	N/A	Regional Arterial Management Systems	-	11,200	-	(11,200)	-	-	
Total Congestion Relief - Pass-Through			-	11,200	-	(11,200)	-	-	
Congestion Relief:									
O17	905120100212	Loma Alta Creek Detention Basins	-	-	-	-	-	-	(c)
O24	902754200212	Street Restoration	(167,545)	1,600,549	-	(2,201,223)	-	(768,219)	(d)
O25	902146516212	Downtown Fiber-Optic	(170,013)	-	-	-	-	(170,013)	(d)
O33	902131200212	Coast Hwy Corridor Study/EIR	124,277	-	-	-	(124,277)	-	(e)
O33	902162120212	Coast Hwy Corridor Design	(412,441)	913,904	-	(556,463)	124,277	69,277	
Total O33 Projects			(288,164)	913,904	-	(556,463)	-	69,277	
Subtotal Congestion Relief			(625,722)	2,514,453	-	(2,757,686)	-	(868,955)	

(Continued)

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
		Congestion Relief - balance carried forward	<u>\$ (625,722)</u>	<u>\$ 2,514,453</u>	<u>\$ -</u>	<u>\$ (2,757,686)</u>	<u>\$ -</u>	<u>\$ (868,955)</u>	
O37	425449212	Bicycle Master Plan Coordinator	(45,724)	73,544	-	(34,692)	-	(6,872)	(d)
O37	902135600212	Bicycle Master Plan/Bike Sfty	(95,812)	120,627	-	(83,964)	-	(59,149)	(d)
O37	902165720212	Loma Alta Bike Trail	-	-	-	-	-	-	
		Total O37 Projects	<u>(141,536)</u>	<u>194,171</u>	<u>-</u>	<u>(118,656)</u>	<u>-</u>	<u>(66,021)</u>	
O38	902134400212	Ada Ramp Rplcmt/Sdwiks In-fill	(262,659)	308,167	-	(79,612)	-	(34,104)	(d)
O38	902135500212	Neighborhood Traffic Sfty Impr	(482)	220,724	-	(260,011)	-	(39,769)	(d)
		Total O38 Projects	<u>(263,141)</u>	<u>528,891</u>	<u>-</u>	<u>(339,623)</u>	<u>-</u>	<u>(73,873)</u>	
O40	902135400212	Mainline R/R Xing Sfty	<u>(104,174)</u>	<u>104,174</u>	<u>-</u>	<u>(162,108)</u>	<u>-</u>	<u>(162,108)</u>	(f)
O41	907118100212	Lot 23 Transit Parking Strctr	<u>(265,986)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265,986)</u>	(g)
O45	902147216212	Douglas Dr Median HSIP-City	<u>(21,259)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(21,260)</u>	(g)
O46	902162320212	Coastal Rail Trail Design	<u>-</u>	<u>157,293</u>	<u>-</u>	<u>(212,506)</u>	<u>-</u>	<u>(55,213)</u>	(d)
		Subtotal Congestion Relief	<u>(1,421,818)</u>	<u>3,498,982</u>	<u>-</u>	<u>(3,590,580)</u>	<u>-</u>	<u>(1,513,416)</u>	

(Continued)

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
		Congestion Relief balance carried forward	<u>\$ (1,421,818)</u>	<u>\$ 3,498,982</u>	<u>\$ -</u>	<u>\$ (3,590,580)</u>	<u>\$ -</u>	<u>\$ (1,513,416)</u>	
O47	907146416212	Pier Restoration	<u>33,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,750)</u>	<u>-</u>	(e)
		Interest income	<u>170,117</u>	<u>-</u>	<u>21,062</u>	<u>-</u>	<u>-</u>	<u>191,179</u>	
		Total Congestion Relief	<u>(1,217,951)</u>	<u>3,498,982</u>	<u>21,062</u>	<u>(3,590,580)</u>	<u>(33,750)</u>	<u>(1,322,237)</u>	
		Maintenance:							
O18	425411212	Misc Traffic Markings	<u>-</u>	<u>171,198</u>	<u>-</u>	<u>(188,411)</u>	<u>-</u>	<u>(17,213)</u>	(d)
O18	425418212	Neighborhood Traffic Improvement	<u>(59,106)</u>	<u>112,370</u>	<u>-</u>	<u>(106,077)</u>	<u>-</u>	<u>(52,813)</u>	(d)
O18	425426212	Misc Street Projects	<u>-</u>	<u>639,825</u>	<u>-</u>	<u>(653,100)</u>	<u>-</u>	<u>(13,275)</u>	(d)
		Total O18 Projects	<u>(59,106)</u>	<u>923,393</u>	<u>-</u>	<u>(947,588)</u>	<u>-</u>	<u>(83,301)</u>	
		Interest Income	<u>72,907</u>	<u>-</u>	<u>9,026</u>	<u>-</u>	<u>-</u>	<u>81,933</u>	
		Total Maintenance	<u>13,801</u>	<u>923,393</u>	<u>9,026</u>	<u>(947,588)</u>	<u>-</u>	<u>(1,368)</u>	
		Total Local Street Improvements	<u>(1,204,150)</u>	<u>4,433,575</u>	<u>30,088</u>	<u>(4,549,368)</u>	<u>(33,750)</u>	<u>(1,323,605)</u>	
		Bike and Pedestrian:							
O47	902157419212	Pier VWay Bridge Replacement PDR	<u>(24,337)</u>	<u>35,947</u>	<u>-</u>	<u>(11,610)</u>	<u>33,750</u>	<u>33,750</u>	(h)
		Total Bike and Pedestrian	<u>(24,337)</u>	<u>35,947</u>	<u>-</u>	<u>(11,610)</u>	<u>33,750</u>	<u>33,750</u>	

(Continued)

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
		Smart Growth:							
O49	836164419272	Coastal Rail Trail Extension	\$ (770)	\$ -	\$ -	\$ (59,713)	\$ -	\$ (60,483)	(i)
		Total Smart Growth	(770)	-	-	(59,713)	-	(60,483)	
		Total <i>TransNet</i> Extension	(1,229,257)	4,469,522	30,088	(4,620,691)	-	(1,350,338)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	(1,572,679)	4,670,142	30,088	(4,987,002)	314,034	(1,545,417)	
		GASB 31 Market Value Adjustment	(42,450)	-	683	-	-	(41,767)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (1,615,129)	\$ 4,670,142	\$ 30,771	\$ (4,987,002)	\$ 314,034	\$ (1,587,185)	

Notes:

- (a) This project is a multi-year project that requires coordination with Caltrans and concurrence from the California Transportation Commission (CTC) and is a regionally significant project. Design efforts are continuing. This money is and will be spent over the next five years.
- (b) The project is funded by TransNet and a Grant. In previous years the appropriate percentage of expenses had not be charged to the Grant so an adjustment was processed to rectify the percentage breakdown between the two.
- (c) This project is on hold pending construction of a Sewer line to be done by Water Utilities. Project is estimated to resume in FY26-27.
- (d) This negative balance is a result of contract work completed and paid for in advance with local funds. A drawdown to reconcile this negative balance will be processed for submission to SANDAG for reimbursement in FY25.
- (e) Project is complete. A transfer of funds to another project with the same MPOID was made to eliminate the remaining balance of this phase of the project.
- (f) The City will program additional funding for this project in ProjectTrak once council approval is obtained. The City will go to council for additional funding for the project in FY25.
- (g) Project is complete. A final drawdown of funds will be requested of SANDAG in FY25.
- (h) Project received funding as part of an inter-MPOID transfer.
- (i) Grant funding will be requested for reimbursement in FY25.

SCHEDULE B

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

<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, 2024</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
O35	N/A	Regional Arterial Management Systems	\$ 134,400	\$ -	\$ (134,400)	\$ -
		Total Congestion Relief - Pass-Through	134,400	-	(134,400)	-
Congestion Relief:						
O17	905120100212	Loma Alta Creek Detention Basins	2,394,236	-	(2,394,236)	-
O24	902754200212	Street Restoration	27,710,363	-	(28,478,582)	(768,219)
O25	902146516212	Downtown Fiber-Optic	146,900	-	(316,913)	(170,013)
O33	902131200212	Coast Hwy Corridor Study/EIR	1,034,941	-	(1,034,941)	-
O33	902162120212	Coast Hwy Corridor Design	1,084,466	-	(1,015,189)	69,277
		Total O33 Projects	2,119,407	-	(2,050,130)	69,277
O37	425449212	Bicycle Master Plan Coordinator	73,544	-	(80,416)	(6,872)
O37	902135600212	Bicycle Master Plan/Bike Sfty	513,989	-	(573,138)	(59,149)
O37	902165720212	Loma Alta Bike Trail	532	-	(532)	-
		Total O37 Projects	588,065	-	(654,086)	(66,021)
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	1,308,939	-	(1,343,043)	(34,104)
O38	902135500212	Neighborhood Traffic Sfty Impr	703,814	-	(743,583)	(39,769)
		Total O38 Projects	2,012,753	-	(2,086,626)	(73,873)
		Subtotal Congestion Relief	34,971,724	-	(35,980,573)	(1,008,849)

(Continued)

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

<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, 2024</u>
		Congestion Relief balance carried forward	<u>\$ 34,971,724</u>	<u>\$ -</u>	<u>\$ (35,980,573)</u>	<u>\$ (1,008,849)</u>
O40	902135400212	Mainline R/R Xing Sfty	<u>5,544,174</u>	<u>-</u>	<u>(5,706,282)</u>	<u>(162,108)</u>
O41	907118100212	Lot 23 Transit Parking Strctr	<u>3,416,993</u>	<u>-</u>	<u>(3,682,979)</u>	<u>(265,986)</u>
O45	902147216212	Douglas Dr Median HSIP-City	<u>289,810</u>	<u>-</u>	<u>(311,070)</u>	<u>(21,260)</u>
O46	902162320212	Coastal Rail Trail Design	<u>178,276</u>	<u>-</u>	<u>(233,489)</u>	<u>(55,213)</u>
O47	907146416212	Pier Restoration	<u>466,250</u>	<u>-</u>	<u>(466,250)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>191,179</u>	<u>-</u>	<u>191,179</u>
		Total Congestion Relief	<u>44,867,227</u>	<u>191,179</u>	<u>(46,380,643)</u>	<u>(1,322,237)</u>
		Maintenance:				
O18	425411212	Misc Traffic Markings	<u>646,447</u>	<u>-</u>	<u>(663,660)</u>	<u>(17,213)</u>
O18	425418212	Neighborhood Traffic Improvement	<u>1,113,820</u>	<u>-</u>	<u>(1,166,633)</u>	<u>(52,813)</u>
O18	425426212	Misc Street Projects	<u>8,876,693</u>	<u>-</u>	<u>(8,889,968)</u>	<u>(13,275)</u>
		Total O18 Projects	<u>10,636,960</u>	<u>-</u>	<u>(10,720,261)</u>	<u>(83,301)</u>
		Interest Income	<u>-</u>	<u>81,933</u>	<u>-</u>	<u>81,933</u>
		Total Maintenance	<u>10,636,960</u>	<u>81,933</u>	<u>(10,720,261)</u>	<u>(1,368)</u>
		Total Local Street Improvements	<u>55,638,587</u>	<u>273,112</u>	<u>(57,235,304)</u>	<u>(1,323,605)</u>

SCHEDULE B

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
		Bike and Pedestrian:				
O47	902157419212	Pier VWay Bridge Replacement PDR	\$ 107,008	\$ -	\$ (73,258)	\$ 33,750
		Total Bike and Pedestrian	107,008	-	(73,258)	33,750
		Smart Growth:				
O49	836164419272	Coastal Rail Trail Extension	339,517	-	(400,000)	(60,483)
		Total Smart Growth	339,517	-	(400,000)	(60,483)
		Subtotal Cumulative <i>TransNet</i> Extension	56,085,112	273,112	(57,708,562)	(1,350,338)
		Completed Projects:				
		LSI - Congestion Relief	13,471,451	-	(13,471,451)	-
		LSI - Maintenance	5,288,446	220	(5,288,666)	-
		Bike and Pedestrian	567,620	-	(567,620)	-
		Smart Growth	431,451	-	(431,451)	-
		Senior Mini-Grant	1,756,754	13	(1,756,767)	-
		Total Completed Projects	21,515,722	233	(21,515,955)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 77,600,834	\$ 273,345	\$ (79,224,517)	\$ (1,350,338)

SCHEDULE C

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2024	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2024	June 30, 2023
For Fiscal Year ended June 30, 2017	June 30, 2024	O22	\$ 912,159	\$ 7,156	\$ (919,315)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	O22	951,228	-	(951,228)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	O22	623,484	-	(623,484)	-	-	-	314,174
For Fiscal Year ended June 30, 2020	June 30, 2027	O22	509,334	-	(235,110)	-	-	274,224	509,334
For Fiscal Year ended June 30, 2021	June 30, 2028		398,288	-	-	-	-	398,288	398,288
For Fiscal Year ended June 30, 2022	June 30, 2029		1,153,320	-	-	-	-	1,153,320	1,153,320
For Fiscal Year ended June 30, 2023	June 30, 2030		1,097,718	-	-	-	-	1,097,718	1,097,718
For Fiscal Year ended June 30, 2024	June 30, 2031		1,394,639	-	-	-	-	1,394,639	-
Interest Income			-	70,070	-	-	-	70,070	37,994
Total RTCIP Funds			<u>\$ 7,040,170</u>	<u>\$ 77,226</u>	<u>\$ (2,729,137)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,388,259</u>	<u>\$ 3,510,828</u>

CITY OF POWAY, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Poway, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$359,069. We selected \$121,697 (33.89%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as there were no payroll expenditures in FY 24.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as the City does not allocate indirect costs to RTIP projects.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments included within Schedule A in FY24.

- 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, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: There is one project that has been inactive over the past two years. The City indicated that for POW 37, "The project is complete, and excess funding will be moved to another project in FY25 through council resolution." The status of this project has been added to Schedule A.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: SANDAG approved the reason for the inactivity on January 24, 2025.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as there was no non-*TransNet* activity to report on Schedule A in FY24.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included within Schedule A in FY24.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$2,064,963
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,064,963
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>619,489</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(107,097)
Maintenance fund balance	<u>(115,581)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(222,678)</u>
Fund balance under apportionment	<u>\$842,167</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(107,097)	\$3,392,002	\$3,284,905
Maintenance	<u>(115,581)</u>	<u>1,333,508</u>	<u>1,217,927</u>
Totals	<u>\$(222,678)</u>	<u>\$4,725,510</u>	<u>\$4,502,832</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 25.15% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$14,633,562	\$3,113,270	\$17,746,832
Maintenance	6,355,898	1,217,389	7,573,287
Interest	<u>45,169</u>	<u>394,851</u>	<u>440,020</u>
 Total local street and road revenue	 \$ <u>21,034,629</u>	 \$ <u>4,725,510</u>	 \$ <u>25,760,139</u>
 30% of total local street and road revenue			 \$7,728,042
Less maintenance expenditures incurred to date			<u>(6,477,513)</u>
 Available maintenance funds			 \$ <u>1,250,529</u>
 Cumulative percentage expended for maintenance			 <u>25.15%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

- a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$67,863,790</u>	<u>\$50,554,714</u>	<u>1.34</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.34.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$ 836,358
Growth Rate	<u>1.34</u>
Adjusted MOE base as of June 30, 2024	<u>\$1,120,720</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was not in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. See Finding 1 within the Findings and Recommendations section of the report. MOE activity for the year ended June 30, 2024, is summarized as follows:

Current year local discretionary expenditures	\$743,442
Less MOE base year requirement	<u>(836,358)</u>
Deficit MOE for the year ended June 30, 2024	<u>\$(92,916)</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2024.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for the fiscal year ending June 30, 2024.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2024.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on October 2, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 16. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: The MOE requirement for Streets & Roads resulted in a shortfall in the current year. See the Findings and Recommendations section of the report.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

CITY OF POWAY, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the TransNet Fund

Findings and Recommendations

Year ended June 30, 2024

(1) Need to Meet Maintenance of Effort (MOE) Requirement

The City did not meet its MOE requirement for Streets and Roads as follows:

Current year local discretionary expenditures	\$743,442
Less MOE base year requirement	<u>(836,358)</u>
Amount over (under) MOE requirement for the year ended June 30, 2024	<u>\$(92,916)</u>

TransNet Extension Ordinance, Section 8, *Maintenance of Effort*, states, in part:

"...Each local agency receiving revenues pursuant to Section 4(D) shall annually maintain as a minimum the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years completed prior to operative date as of this Ordinance..."

Recommendation

We recommend the City budget and incur adequate discretionary expenditures to meet its MOE requirement.

Management Response

We acknowledge the finding regarding the unmet MOE requirement. This occurred due to issues with our cost allocation model, which did not fully align with MOE criteria, and turnover of key staff during the budget process.

The cost allocation model has been adjusted for FY25 to accurately capture the correct amount required to meet the MOE. We will also provide additional training and oversight to ensure compliance in future budgets.

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
POW 29	N/A	Regional Arterial Management Systems	\$ -	\$ 7,300	\$ -	\$ (7,300)	\$ -	\$ -	
		Total Congestion Relief Pass-Through	-	7,300	-	(7,300)	-	-	
Congestion Relief:									
POW 36	ST014	Neighborhood Sidewalks	-	-	-	(254)	-	(254)	(a)
POW 37	STR0009	Espola Road Bicycle and Pedestrian Widening	126,889	-	-	-	-	126,889	(b)
POW 38	ST019/ST023/ST028	Annual Reconstruction and Overlay Project	(949,874)	1,064,989	-	(139,538)	-	(24,423)	(a)
POW 48	STR0001	Espola Road Safety Improvement	(57,095)	-	-	(155,457)	-	(212,552)	(c)
		Interest Income	-	-	3,243	-	-	3,243	
		Total Congestion Relief	(880,080)	1,064,989	3,243	(295,249)	-	(107,097)	
Maintenance:									
POW 30	ST022/ST026	Street Maintenance Project	(153,940)	93,489	-	(56,520)	-	(116,971)	(a)
		Interest Income	-	-	1,390	-	-	1,390	
		Total Maintenance	(153,940)	93,489	1,390	(56,520)	-	(115,581)	
		Total Local Street Improvement	(1,034,020)	1,165,778	4,633	(359,069)	-	(222,678)	
Total <i>TransNet</i> Extension			\$ (1,034,020)	\$ 1,165,778	\$ 4,633	\$ (359,069)	\$ -	\$ (222,678)	

Notes:

- (a) Funding will be requested in FY25 to remove the project deficit.
- (b) Project complete. The City will move the excess funding through council resolution in FY25.
- (c) Project complete. The City will request a final drawdown in FY25 to remove the project deficit.

SCHEDULE B

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
POW 29	N/A	Regional Arterial Management Systems	\$ 87,600	\$ -	\$ (87,600)	\$ -
		Total Congestion Relief Pass-Through	87,600	-	(87,600)	-
Congestion Relief:						
POW 36	ST014	Neighborhood Sidewalks	-	-	(254)	(254)
POW 37	STR0009	Espola Road Bicycle and Pedestrian Widening	123,744	3,145	-	126,889
POW 38	T019/ST023/ST028	Annual Reconstruction and Overlay Project	4,558,125	12,865	(4,595,413)	(24,423)
POW 48	STR0001	Espola Road Safety Improvement	-	-	(212,552)	(212,552)
		Interest Income	-	3,243	-	3,243
		Total Congestion Relief	4,681,869	19,253	(4,808,219)	(107,097)
Maintenance:						
POW 30	ST022	Street Maintenance Project	2,035,198	-	(2,152,169)	(116,971)
		Interest Income	-	1,390	-	1,390
		Total Maintenance	2,035,198	1,390	(2,152,169)	(115,581)
		Subtotal Cumulative <i>TransNet</i> Extension	6,804,667	20,643	(7,047,988)	(222,678)
Completed Projects:						
Local Street Improvements:						
		Congestion Relief	9,864,093	19,882	(9,883,975)	-
		Maintenance	4,320,700	4,644	(4,325,344)	-
		Total Completed Projects	14,184,793	24,526	(14,209,319)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 20,989,460	\$ 45,169	\$ (21,257,307)	\$ (222,678)

SCHEDULE C

CITY OF POWAY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2024	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2024	June 30, 2023
For Fiscal Year ended June 30, 2017	June 30, 2024	POW48	\$ 32,998	\$ -	\$ (32,998)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	POW48	43,275	-	(43,275)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	POW48	17,464	-	(17,464)	-	-	-	-
For Fiscal Year ended June 30, 2020	June 30, 2027	POW48	43,064	-	(43,064)	-	-	-	-
For Fiscal Year ended June 30, 2021	June 30, 2028	POW48	364,319	-	(364,319)	-	-	-	-
For Fiscal Year ended June 30, 2022	June 30, 2029	POW48	279,363	-	(32,233)	-	-	247,130	247,130
For Fiscal Year ended June 30, 2023	June 30, 2030		938,185	-	-	-	-	938,185	938,185
For Fiscal Year ended June 30, 2024	June 30, 2031		79,517	-	-	-	-	79,517	-
Interest Income			-	84,670	-	-	-	84,670	55,469
Total RTCIP Funds			\$ 1,798,185	\$ 84,670	\$ (533,353)	\$ -	\$ -	\$ 1,349,502	\$ 1,240,784

CITY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of San Diego, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$51,367,341. We selected \$13,649,710 (26.57%) 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 inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as the City's payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2024. Indirect costs are allocated to RTIP projects at a rate that depends on the department of the employee that charged labor to the project. In total, two city departments charged 97.1% of labor and applied indirect costs to project in the RTIP. The indirect cost rates charged by the departments ranged from 10.00% to 172.19% of direct labor. Total indirect costs included within projects in the RTIP was \$5,628,384 or 10.96% of total *TransNet* expenditures. The City's indirect costs exceeded 10% of total *TransNet* expenditures due to the City having preliminary project internal orders that are 100% labor expenses. In addition, the City employs its own engineers, project managers and other employees that smaller cities would contract out to vendors. The City's cost allocation plan was approved by the Chief Financial Officer during FY23. The City's cost allocation plan has not been reviewed by a federal or state agency, nor has it been audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedure.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in

accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: There were two projects that were inactive over the past two years. The City indicated that "SD34 is an ongoing project that may use *TransNet* in the Future. There is a \$998K budget in RTCIP, \$6.2M total budget at June 30, 2024. SD260 is grant 1000493-2018 and a final payment is being withheld by SANDAG pending resolution of outstanding issues."

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: SANDAG approved the reason for the inactivity on December 19, 2024.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as there was no non-*TransNet* activity separate from *TransNet* activity in Schedule A.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$46,327,054
Less: debt service payment	<u>(564,486)</u>
Net estimated apportionment	45,762,568
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>13,728,770</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	9,751,391
Maintenance fund balance	<u>(4,069)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>9,747,322</u>
Fund balance under apportionment	<u>\$ 3,981,448</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$9,751,391	\$39,290,299	\$49,041,690
Maintenance	<u>(4,069)</u>	<u>1,478,590</u>	<u>1,474,521</u>
Totals	<u>\$9,747,322</u>	<u>\$40,768,889</u>	<u>\$50,516,215</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 28.24% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$379,889,842	\$33,292,362	\$413,182,204
Maintenance	165,833,833	(1,282,583)	164,551,250
Interest	<u>813,643</u>	<u>8,759,110</u>	<u>9,537,752</u>
Total local street and road revenue	<u>\$546,537,318</u>	<u>\$40,768,889</u>	<u>\$587,271,206</u>
30% of total local street and road revenue			\$ 176,181,362
Less maintenance expenditures incurred to date			<u>(165,837,902)</u>
Available maintenance funds			<u>\$ 10,343,460</u>
Cumulative percentage expended for maintenance			<u>28.24%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2023	Additions	Principal Payments	Balance June 30, 2024	Interest Payment
Commercial paper	<u>\$26,167,000</u>	<u>\$ -</u>	<u>\$(26,167,000)</u>	<u>\$ -</u>	<u>\$564,486</u>

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$2,367,386,000</u>	<u>\$1,765,970,000</u>	<u>1.34</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.34.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

	Street and Road	Specialized Transportation Services	Transit Bus Subsidies	Total
Previously approved MOE base	\$16,288,475	\$120,526	\$648,839	\$17,057,840
Growth rate	<u>1.34</u>	<u>1.34</u>	<u>1.34</u>	<u>1.34</u>
Adjusted MOE base as of June 30, 2024	<u>\$21,826,557</u>	<u>\$161,505</u>	<u>\$869,444</u>	<u>\$22,857,506</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.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, 2024, is summarized as follows:

	Street and Road	Specialized Transportation Services	Transit Bus Subsidies	Total
Current year local discretionary expenditures	\$66,149,059	\$120,526	\$694,017	\$66,963,602
Less MOE Discretionary in Transit Bus Subsidies	(101,208)	-	-	(101,208)
Less MOE base year requirement	<u>(16,288,475)</u>	<u>(120,526)</u>	<u>(648,839)</u>	<u>(17,57,840)</u>
Excess MOE for the year ended June 30, 2024	<u>\$49,759,376</u>	<u>\$ -</u>	<u>\$ 45,178</u>	<u>\$49,804,554</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$2,014,203. We selected \$321,844 (15.98%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedures 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on November 18, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: No exceptions were noted as a result of our procedures.

- 16. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SD16A	13001747	Regional Arterial Management Systems	\$ -	\$ 67,600	\$ -	\$ (67,600)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	67,600	-	(67,600)	-	-	
Congestion Relief - Commercial Paper:									
SD70	S00871	Commercial Paper	26,167,000	-	-	-	(26,167,000)	-	(a)
		Total Congestion Relief - Commercial Paper:	26,167,000	-	-	-	(26,167,000)	-	
Congestion Relief:									
SD09	AIK.00001	New Walkways	605,858	1,804,535	-	(2,067,587)	-	342,806	
SD15	AIH.00001	Installation of City Owned Street Lights	94,504	1,779,851	-	(1,498,250)	-	376,105	
SD16A	21004805	Traffic Signals - Modifications/ Modernization	317,326	-	-	(441,134)	123,808	-	
SD16A	AIL.00002	Traffic Signal Interconnect Projects	427,826	225,342	-	(541,636)	-	111,532	
SD16A	AIL.00004	Traffic Signals - Citywide	519,275	3,051,796	-	(2,508,371)	(123,808)	938,892	
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	215,567	1,105,101	-	(901,854)	-	418,814	
		Total SD16A Projects	1,479,994	4,382,239	-	(4,392,995)	-	1,469,238	
SD18	AIL.00001	Traffic Calming	1,076,923	-	-	(284,513)	-	792,410	
SD23	ACA.00001	Drainage Projects	40,473	21,774	-	(100,460)	-	(38,213)	(b)
SD34	S00856	El Camino Real Road and Bridge Widening	-	-	-	-	-	-	(c)
		Subtotal Congestion Relief	3,297,752	7,988,399	-	(8,343,805)	-	2,942,346	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
		Congestion Relief balance carried forward	\$ 3,297,752	\$ 7,988,399	\$ -	\$ (8,343,805)	\$ -	\$ 2,942,346	
SD38	S00863	Georgia St Bridge Improvements	76,838	-	-	-	(76,838)	-	(d)(e)(f)
SD49	AIG.00001	Median Installation	372,641	2,073,932	-	(2,115,080)	-	331,493	
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	329,591	-	-	(62,307)	-	267,284	
SD83	S00851	State Route 163 and Friars Road	34,366	-	-	(133,172)	98,806	-	(d)
SD96	AID.00005	Street Resurfacing and Reconstruction	(3,325,651)	11,749,118	-	(10,554,027)	-	(2,130,560)	(b)
SD96	S23006	Sunset Cliffs Seawall Improvements - Sunset Cliff Blvd	-	178,630	-	(107,485)	-	71,145	
		Total SD96 Projects	(3,325,651)	11,927,748	-	(10,661,512)	-	(2,059,415)	
SD99	AIE.00001	Bridge Rehabilitation	664,212	-	-	(57,841)	-	606,371	
SD102A	S11060	Otay Mesa Truck Route Phase 4	1,944,810	296,920	-	(921,170)	-	1,320,560	
SD129	S00915	University Avenue Mobility	-	-	-	(610,108)	321,108	(289,000)	(b)(d)
SD166	AIA.00001	Minor Bicycle Facilities	505,092	867,324	-	(402,540)	-	969,876	
SD166	21004803	Minor Bicycle Facilities (Non-Capital)	797,904	-	-	(766,395)	-	31,509	
		Total SD166 Projects	1,302,996	867,324	-	(1,168,935)	-	1,001,385	
		Subtotal Congestion Relief	4,697,555	23,154,323	-	(24,073,930)	343,076	4,121,024	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
		Congestion Relief balance carried forward	\$ 4,697,555	\$ 23,154,323	\$ -	\$ (24,073,930)	\$ 343,076	\$ 4,121,024	
SD186	21002143	Administrative Expenses - Finance	5,404	111,045	-	(125,571)	-	(9,122)	(b)
SD186	21002273	Administrative Expenses - Engineering	(8,302)	328,772	-	(328,119)	-	(7,649)	(b)
		Total SD186 Projects	(2,898)	439,817	-	(453,690)	-	(16,771)	
SD188	various	Congestion Relief /Traffic Signal Operations	-	3,283,730	-	(3,283,730)	-	-	
SD226	S00870	Old Otay Road Westerly	-	-	-	(115)	115	-	(d)(e)
SD237	S00951	Coastal Rail Trail	1,808,741	1,000,000	-	(265,789)	-	2,542,952	
SD245	S16061	Market St-47th St to Euclid Complete St	915,454	-	-	(31,984)	-	883,470	
SD249	S18000	Steamview Drive Improvement Phase 2	1,072,564	800,000	-	(393,679)	-	1,478,885	
SD250	S15018	La Media Road Improvements	1,029,587	4,219,145	-	(5,949,042)	-	(700,310)	(b)
SD252	S18001	University Ave Complete Street Phase 1	98,388	-	-	(745,508)	647,120	-	(d)
SD263	B19020	La Media Impr-Siempre Viva to Truck Rte	639,675	250,000	-	(216,164)	-	673,511	
SD264	S22005	Alvarado Canyon Rd Realignment Project	802,580	560,218	-	(615,639)	-	747,159	
SD266	S22012	Normal Street Promenade	-	183,126	-	(161,749)	-	21,377	
		Commercial Paper Debt Services	-	564,486	-	(564,486)	-	-	(a)
		Interest income - Congestion Relief 70%	145,130	-	316,452	-	(461,488)	94	(d)
		Total Congestion Relief	11,206,776	34,454,845	316,452	(36,755,505)	528,823	9,751,391	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project (Continued)
Year ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
Maintenance:									
SD176	Various I/Os	Slurry Seal & Crack Repairs	\$ (31,761)	\$ 1,451,303	\$ -	\$ (1,423,611)	\$ -	\$ (4,069)	(b)
SD176	13000768	Maintenance	-	12,511,719	-	(12,511,719)	-	-	
Total SD176 Projects			(31,761)	13,963,022	-	(13,935,330)	-	(4,069)	
Interest income - Maintenance 30%			-	-	-	-	-	-	
Total Maintenance			(31,761)	13,963,022	-	(13,935,330)	-	(4,069)	
Total Local Street Improvements			37,342,015	48,485,467	316,452	(50,758,435)	(25,638,177)	9,747,322	
Smart Growth:									
SD260	1000493-2018	Downtown Mobility Cycle Way							
		Improvement Phase I & II	(137,192)	-	-	-	-	(137,192)	(g)
SD261	5005485	Downtown San Diego Wayfinding Signage							
		- Cycle Network	(41,756)	40,375	-	(20,619)	-	(22,000)	(h)
SD262	5005486	East Village Green Park Phase 1	(131,557)	169,468	-	(109,135)	-	(71,224)	(h)
SD267	S1021763	Mid City Communities Smart Growth							
		Study Area	(15,637)	67,473	-	(232,397)	-	(180,561)	(h)
Total Smart Growth			(326,142)	277,316	-	(362,151)	-	(410,977)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
Environmental Mitigation:									
VO8	1000531-2018	Otay Res Cactus Wren	\$ (12,144)	\$ 15,959	\$ -	\$ (22,584)	\$ -	\$ (18,769)	(h)
VO8	1000532-2018	San Pasq Cactus Wren	(22,582)	44,251	-	(39,781)	-	(18,112)	(h)
Total VO8 Projects			(34,726)	60,210	-	(62,365)	-	(36,881)	
V10	1000720-2022	Dennery Canyon Restoration	-	28,673	-	(56,623)	-	(27,950)	(h)
V10	1000721-2022	West Otay Mesa Stinknet Removal	-	40,871	-	(62,883)	-	(22,012)	(h)
V10	1000723-2022	Otay Mesa Vernal Pool Restoration	-	44,578	-	(64,884)	-	(20,306)	(h)
Total V10 Projects			-	114,122	-	(184,390)	-	(70,268)	
Total Environmental Mitigation			(34,726)	174,332	-	(246,755)	-	(107,149)	
Total <i>TransNet</i> Extension			36,981,147	48,937,115	316,452	(51,367,341)	(25,638,177)	9,229,196	
GASB 31 Market Value Adjustment			(318,334)	-	234,567	-	-	(83,767)	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			<u>\$ 36,662,813</u>	<u>\$ 48,937,115</u>	<u>\$ 551,019</u>	<u>\$ (51,367,341)</u>	<u>\$ (25,638,177)</u>	<u>\$ 9,145,429</u>	

Notes:

- (a) Commercial Paper was refunded in full to SANDAG in FY24 using City's own local funding.
- (b) FY25 draws will provide coverage for MPO ID projects with negative balances as of June 30, 2024.
- (c) On going project that may use TransNet in the Future. \$998K budget in RTCIP, \$6.2M Total Budget @ 6/30/24
- (d) City Council approval obtained for the transfer of funds per Resolution R-315938 on 12/16/2024.
- (e) Project is Complete
- (f) Prior year expenditures in SD38 for \$528,823 were transferred into non-SANDAG / TransNet grant with available funding.
- (g) Grant 1000493-2018 final payment is being withheld by SANDAG pending resolution of outstanding issues.
- (h) Negative grant balance as of June 30, 2024 covered by grant reimbursement in FY25 or withheld retention to be released when the project is completed.

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SD16A	13001747	Regional Arterial Management Systems	\$ 811,200	\$ -	\$ (811,200)	\$ -
		Total Congestion Relief - Pass-Through	811,200	-	(811,200)	-
Congestion Relief - Commercial Paper:						
SD70	S00871	Commercial paper	26,167,000	-	(26,167,000)	-
		Total Congestion Relief - Commercial Paper	26,167,000	-	(26,167,000)	-
Congestion Relief:						
SD09	AIK.00001	New Walkways	16,503,246	(8,383)	(16,152,057)	342,806
SD15	AIH.00001	Installation of City Owned Street Lights	6,075,276	(4,702)	(5,694,469)	376,105
SD16A	21004805	Traffic Signals - Modifications/modernization	955,915	-	(955,915)	-
SD16A	AIL.00002	Traffic Signal Interconnect Projects	3,264,632	(1,572)	(3,151,528)	111,532
SD16A	AIL.00004	Traffic Signals - Citywide	11,820,994	(4,826)	(10,877,276)	938,892
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	9,854,725	(3,471)	(9,432,440)	418,814
		Total SD16A Projects	25,896,266	(9,869)	(24,417,159)	1,469,238
SD18	AIL.00001	Traffic Calming	5,914,017	(2,224)	(5,119,383)	792,410
SD23	ACA.00001	Drainage Projects	15,447,375	(1,690)	(15,483,898)	(38,213)
SD34	S00856	El Camino Real Road and Bridge Widening	836,313	2,965	(839,278)	-
		Subtotal Congestion Relief	70,672,493	(23,903)	(67,706,244)	2,942,346

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
		Congestion Relief balance carried forward	<u>\$ 70,672,493</u>	<u>\$ (23,903)</u>	<u>\$ (67,706,244)</u>	<u>\$ 2,942,346</u>
SD38	S00863	Georgia St Bridge Improvements	<u>1,976,695</u>	<u>916</u>	<u>(1,977,611)</u>	<u>-</u>
SD49	AIG.00001	Median Installation	<u>7,674,978</u>	<u>(4,375)</u>	<u>(7,339,110)</u>	<u>331,493</u>
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	<u>1,319,652</u>	<u>1,817</u>	<u>(1,054,185)</u>	<u>267,284</u>
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	<u>4,450,183</u>	<u>(1,394)</u>	<u>(4,448,789)</u>	<u>-</u>
SD83	S00851	State Route 163 and Friars Road	<u>31,733,699</u>	<u>(27,402)</u>	<u>(31,706,297)</u>	<u>-</u>
SD96	AID.00005	Street Resurfacing and Reconstruction	<u>48,018,516</u>	<u>-</u>	<u>(50,149,076)</u>	<u>(2,130,560)</u>
SD96	S23006	Sunset Cliffs Seawall Improvement	<u>272,268</u>	<u>-</u>	<u>(201,123)</u>	<u>71,145</u>
		Total SD96 Projects	<u>48,290,784</u>	<u>-</u>	<u>(50,350,199)</u>	<u>(2,059,415)</u>
SD99	AIE.00001	Bridge Rehabilitation	<u>3,759,486</u>	<u>(492)</u>	<u>(3,152,623)</u>	<u>606,371</u>
SD102A	S11060	Otay Mesa Truck Route Phase 4	<u>10,818,094</u>	<u>-</u>	<u>(9,497,534)</u>	<u>1,320,560</u>
SD129	S00915	University Avenue Mobility	<u>2,095,638</u>	<u>(1,380)</u>	<u>(2,383,258)</u>	<u>(289,000)</u>
SD166	AIA.00001	Minor Bicycle Facilities	<u>4,199,366</u>	<u>(171)</u>	<u>(3,229,319)</u>	<u>969,876</u>
SD166	21004803	Minor Bicycle Facilities (Non-Capital)	<u>2,584,550</u>	<u>-</u>	<u>(2,553,041)</u>	<u>31,509</u>
		Total SD166 Projects	<u>6,783,916</u>	<u>(171)</u>	<u>(5,782,360)</u>	<u>1,001,385</u>
		Subtotal Congestion Relief	<u>189,575,618</u>	<u>(56,384)</u>	<u>(185,398,210)</u>	<u>4,121,024</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
		Congestion Relief balance carried forward	\$ 189,575,618	\$ (56,384)	\$ (185,398,210)	\$ 4,121,024
SD186	21002143	Administrative Expenses - Comptrollers	1,465,402	2,320	(1,476,844)	(9,122)
SD186	21002273	Administrative Expenses - Engineering	3,047,428	431	(3,055,508)	(7,649)
		Total SD186 Projects	4,512,830	2,751	(4,532,352)	(16,771)
SD188	various	Congestion Relief /Traffic Signal Operations	38,717,624	39,944	(38,757,568)	-
SD200	S14009	SR56 / Euclid Avenue Interchange Phase 2	3,117,530	-	(3,117,530)	-
SD226	S00870	Old Otay Mesa Road - Westerly	9,695,427	10,213	(9,705,640)	-
SD237	S00951	Coastal Rail Trail	4,795,796	-	(2,252,844)	2,542,952
SD245	S16061	Market St-47th St to Euclid Complete St	6,025,875	-	(5,142,405)	883,470
SD249	S18000	Steamview Drive Improvement Phase 2	2,810,000	-	(1,331,115)	1,478,885
SD250	S15018	La Media Road Improvements	10,349,084	-	(11,049,394)	(700,310)
SD252	S18001	University Ave Complete Street Phase 1	1,522,120	-	(1,522,120)	-
SD263	B19020	La Media Impr-Siempre Viva to Truck Rte	1,250,000	-	(576,489)	673,511
SD264	S22005	Alvarado Canyon Rd Realignment Project	1,682,581	-	(935,422)	747,159
SD266	S22012	Normal Street Promenade	183,126	-	(161,749)	21,377
		Commercial Paper Debt Services	1,726,249	-	(1,726,249)	-
		Interest Income - Congestion Relief	(647,275)	647,369	-	94
		Total Congestion Relief	275,316,585	643,893	(266,209,087)	9,751,391

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
Maintenance:						
SD176	Various I/Os	Slurry Seal & Crack Repairs	\$ 9,389,808	\$ -	\$ (9,393,877)	\$ (4,069)
SD176	13000768	Maintenance	<u>150,393,625</u>	<u>-</u>	<u>(150,393,625)</u>	<u>-</u>
		Total SD176 Projects	<u>159,783,433</u>	<u>-</u>	<u>(159,787,502)</u>	<u>(4,069)</u>
		Interest Income - Maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		Total Maintenance	<u>159,783,433</u>	<u>-</u>	<u>(159,787,502)</u>	<u>(4,069)</u>
		Total Local Street Improvements	<u>462,078,218</u>	<u>643,893</u>	<u>(452,974,789)</u>	<u>9,747,322</u>
Smart Growth:						
SD260	1000493-2018	Downtown Mobility Cycle Way Improvement Phase I & II	2,362,809	-	(2,500,001)	(137,192)
SD261	5005485	Downtown San Diego Wayfinding Signage Cycle Network	198,000	-	(220,000)	(22,000)
SD262	5005486	East Village Green Park Phase 1	220,161	-	(291,385)	(71,224)
SD267	S1021763	Mid City Communities Smart Growth Study Area	<u>67,473</u>	<u>-</u>	<u>(248,034)</u>	<u>(180,561)</u>
		Total Smart Growth	<u>2,848,443</u>	<u>-</u>	<u>(3,259,420)</u>	<u>(410,977)</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
Environmental Mitigation:						
V08	1000531-2018	Otay Res Cactus When	\$ 98,322	\$ -	\$ (117,091)	\$ (18,769)
V08	1000532-2018	San Pasq Cactus Wren	163,003	-	(181,115)	(18,112)
Total V08 Projects			261,325	-	(298,206)	(36,881)
V10	1000720-2022	Denner Canyon Restoration	28,673	-	(56,623)	(27,950)
V10	1000721-2022	West Otay Mesa Stinknet Removal	40,871	-	(62,883)	(22,012)
V10	1000723-2022	Otay Mesa Vernal Pool Restoration	44,578	-	(64,884)	(20,306)
Total V10 Projects			114,122	-	(184,390)	(70,268)
Total Environmental Mitigation			375,447	-	(482,596)	(107,149)
Subtotal Cumulative <i>TransNet</i> Extension			465,302,108	643,893	(456,716,805)	9,229,196
Completed Projects:						
Major Corridor			3,774,000	35,001	(3,809,001)	-
LSI-Congestion Relief			77,595,057	134,749	(77,729,806)	-
LSI-Maintenance			6,050,400	-	(6,050,400)	-
Active Transportation			124,998	-	(124,998)	-
Bikes and Pedestrian			1,543,659	-	(1,543,659)	-
Smart Growth			8,467,614	-	(8,467,614)	-
Environmental Mitigation			356,304	-	(356,304)	-
Total Completed Projects			97,912,032	169,750	(98,081,782)	-
Total Cumulative <i>TransNet</i> Extension			\$ 563,214,140	\$ 813,643	\$ (554,798,587)	\$ 9,229,196

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2024

<u>Project Year</u>	<u>Last Date to Commit funds</u>	<u>MPO ID</u>	<u>Cumulative</u>				<u>Funds Committed June 30, 2024</u>	<u>Cumulative Status</u>	
			<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>		<u>June 30, 2024</u>	<u>June 30, 2023</u>
For Fiscal Year ended June 30, 2017	June 30, 2024	Various	\$ 6,897,302	\$ 140,438	\$ (7,037,740)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	Various	6,311,935	130,648	(6,442,583)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	Various	5,300,604	-	(4,200,681)	-	1,099,923	1,099,923	3,114,126
For Fiscal Year ended June 30, 2020	June 30, 2027	Various	4,563,070	-	-	-	4,563,070	4,563,070	4,563,070
For Fiscal Year ended June 30, 2021	June 30, 2028	Various	7,643,260	-	-	-	7,643,260	7,643,260	7,643,260
For Fiscal Year ended June 30, 2022	June 30, 2029	Various	9,466,104	-	-	-	9,466,104	9,466,104	9,466,104
For Fiscal Year ended June 30, 2023	June 30, 2030	Various	5,972,942	-	-	-	5,972,942	5,972,942	5,972,942
For Fiscal Year ended June 30, 2024	June 30, 2031	Various	8,604,312	-	-	-	2,973,830	8,604,312	-
Interest Income			-	3,004,164	-	-	-	3,004,164	1,977,316
Total RTCIP Funds			<u>\$ 54,759,529</u>	<u>\$ 3,275,250</u>	<u>\$ (17,681,004)</u>	<u>\$ -</u>	<u>\$ 31,719,129</u>	<u>\$ 40,353,775</u>	<u>\$ 32,736,818</u>

CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of San Marcos, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures, net of debt service of \$470,770, in the amount of \$3,892,482. We selected \$1,223,895 (31.44%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet*

program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the year ended June 30, 2024.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$3,175,297
Less: debt service payment	<u>(470,770)</u>
Net estimated apportionment	2,704,527
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>811,358</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(2,076,050)
Maintenance fund balance	<u>(8,715)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(2,084,765)</u>
Fund balance under apportionment	<u>\$2,896,123</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(2,076,050)	\$ 6,215,468	\$ 4,139,418
Maintenance	<u>(8,715)</u>	<u>7,721,286</u>	<u>7,712,571</u>
Totals	<u>\$(2,084,765)</u>	<u>\$13,936,754</u>	<u>\$11,851,989</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 7.06% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$35,994,537	\$ 4,907,279	\$40,901,816
Maintenance	3,751,242	7,169,226	10,920,468
Interest	<u>73,044</u>	<u>1,860,249</u>	<u>1,933,293</u>
Total local street and road revenue	<u>\$39,818,823</u>	<u>\$13,936,754</u>	<u>\$53,755,577</u>
30% of total local street and road revenue			\$ 16,126,673
Less maintenance expenditures incurred to date			<u>(3,793,217)</u>
Available maintenance funds			<u>\$ 12,333,456</u>
Cumulative percentage expended for maintenance			<u>7.06%</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, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Total Debt</u> <u>Service *</u>
2010 Series A Bonds	\$15,139,627	\$ -	\$ -	\$15,139,627	\$(438,767)
2019 Series A Bonds	1,025,000	-	(120,739)	904,261	(21,343)
2023 Series A Bonds	<u>-</u>	<u>120,739</u>	<u>-</u>	<u>120,739</u>	<u>(10,660)</u>
Total	<u>\$16,164,627</u>	<u>\$120,739</u>	<u>\$(120,739)</u>	<u>\$16,164,627</u>	<u>\$(470,770)</u>

*Total Debt Service is comprised of principal payments, subsidy payments, interest, debt service expenses, and withholdings.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.
- a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.
- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$98,192,617</u>	<u>\$87,011,814</u>	<u>1.13</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.13.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$3,082,862
Growth Rate	<u>1.13</u>
Adjusted MOE base as of June 30, 2024	<u>\$3,483,634</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$ 6,488,696
Less MOE base year requirement	<u>(3,082,862)</u>
Excess MOE for the year ended June 30, 2024	<u>\$ 3,405,834</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
 - a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.
 - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.
 - c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.
 - i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The city recorded total RTCIP expenditures in the amount of \$1,655,153. We selected \$1,650,063 (99.69%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not have payroll expenditures that exceeded 20% of total RTCIP expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on September 26, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SAN MARCOS, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	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	(26,519)	44,382	-	(18,268)	-	(405)	(a)
SM31	88265	Discovery Street Improvements	-	-	-	-	-	-	(b)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	-	1,636,720	-	(2,071,663)	-	(434,943)	(a)
SM48	88505	SM Creek Specific Plan	54	-	-	(412,466)	-	(412,412)	(a)
SM56	88263	Bent Ave Bridge and Street Improvement	-	-	-	(913,116)	(65,356)	(978,472)	(a)(c)
SM59	86009	Annual Street Overlay Project	27	-	-	-	-	27	(d)
SM63	TR001	Rancho Santa Fe and Grandon Traffic Signal Mod	(12,241)	-	-	-	-	(12,241)	(a)
SM64	ST005	San Marcos Blvd. Reconstruction	(895)	26,146	-	(129,089)	-	(103,838)	(a)
SM67	86002	San Marcos Blvd at Discovery St	(349,999)	350,000	-	-	-	1	
SM68	88532	Traffic Management System Enhancement	(435,676)	435,676	-	-	-	-	
SM75	ST014	RSF Pavement Restoration	-	108,495	-	(281,898)	-	(173,403)	(a)
		2010 Series A Bonds Debt Service	-	438,767	-	(438,767)	-	-	
		2019 Series A Bonds	-	21,343	-	(21,343)	-	-	
		2023 Series A Bonds	-	10,660	-	(10,660)	-	-	
		Subtotal Congestion Relief	(825,249)	3,072,189	-	(4,297,270)	(65,356)	(2,115,686)	
		Interest Income	17,337	-	22,299	-	-	39,636	
		Total Congestion Relief	(807,912)	3,072,189	22,299	(4,297,270)	(65,356)	(2,076,050)	

(Continued)

SCHEDULE A

CITY OF SAN MARCOS, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
Maintenance:									
SM72	ST011	Annual Surface Seal Project FY24-FY27	\$ -	\$ 13,207	\$ -	\$ (55,182)	\$ -	\$ (41,975)	(a)
		Interest Income	23,703	-	9,557	-	-	33,260	
		Total Maintenance	23,703	13,207	9,557	(55,182)	-	(8,715)	
		Total Local Street Improvements	(784,209)	3,096,196	31,856	(4,363,252)	(65,356)	(2,084,765)	
		Total <i>TransNet</i> Extension	\$ (784,209)	\$ 3,096,196	\$ 31,856	\$ (4,363,252)	\$ (65,356)	\$ (2,084,765)	

Notes:

- (a) The City will request drawdown from programmed funds in FY25
- (b) Project is still active, but did not have any TransNet budget appropriation remaining. Will have additional TransNet budget appropriation added in FY25
- (c) Prior year expenditures not relating to the current fiscal year.
- (d) Project complete. Remaining funds will be reprogrammed as local/city funds during RTIP amendment in January 2025.

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SM54	N/A	Regional Arterial Management Systems	\$ 118,800	\$ -	\$ (118,800)	\$ -
		Total Congestion Relief - Pass-Through	118,800	-	(118,800)	-
Congestion Relief:						
SM22	88179	South Santa Fe from Bosstick to Smilax	203,567	-	(203,972)	(405)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	4,068,249	-	(4,503,192)	(434,943)
SM48	88505	SM Creek Specific Plan	2,771,657	-	(3,184,069)	(412,412)
SM56	88263	Bent Ave Bridge and Street Improvement	1,324,723	-	(2,303,195)	(978,472)
SM59	86009	Annual Street Overlay Project	138,527	-	(138,500)	27
SM63	TR001	Rancho Santa Fe and Grandon Traffic Signal Mod	255,167	-	(267,408)	(12,241)
SM64	ST005	San Marcos Blvd. Reconstruction	26,146	-	(129,984)	(103,838)
SM67	86002	San Marcos Blvd at Discovery St	350,000	-	(349,999)	1
SM68	88532	Traffic Management System Enhancement	1,244,000	-	(1,244,000)	-
SM75	ST014	RSF Pavement Restoration	108,495	-	(281,898)	(173,403)
		2010 Series A Bonds Debt Service	7,933,276	-	(7,933,276)	-
		2019 Series A Bonds	132,386	-	(132,386)	-
		2023 Series A Bonds	10,660	-	(10,660)	-
		Subtotal Congestion Relief	18,566,853	-	(20,682,539)	(2,115,686)
		Interest Income	-	39,636	-	39,636
		Total Congestion Relief	18,566,853	39,636	(20,682,539)	(2,076,050)

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

<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, 2024</u>
		Maintenance:				
SM72	ST011	Annual Surface Seal Project FY24-FY27	\$ 13,207	\$ -	\$ (55,182)	\$ (41,975)
		Interest Income	-	33,260	-	33,260
		Total Maintenance	13,207	33,260	(55,182)	(8,715)
		Total Local Street Improvements	18,698,860	72,896	(20,856,521)	(2,084,765)
		Subtotal Cumulative <i>TransNet</i> Extension	18,698,860	72,896	(20,856,521)	(2,084,765)
		Completed projects:				
		Congestion Relief	\$ 17,308,884	\$ 148	\$ (17,309,032)	\$ -
		Maintenance	3,738,035	-	(3,738,035)	-
		Bikes and Pedestrian	948,941	1,668	(950,609)	-
		Senior Mini-Grant	34,992	-	(34,992)	-
		Smart Growth	1,000,000	-	(1,000,000)	-
		Total Completed Projects	23,030,852	1,816	(23,032,668)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 41,729,712	\$ 74,712	\$ (43,889,189)	\$ (2,084,765)

CITY OF SAN MARCOS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

<u>Project Year</u>	<u>Last Date to Commit funds</u>	<u>MPO ID</u>	<u>Cumulative</u>				<u>Funds Committed June 30, 2024</u>	<u>Cumulative Status</u>	
			<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>		<u>June 30, 2024</u>	<u>June 30, 2023</u>
For Fiscal Year ended June 30, 2017	June 30, 2024	SM31/SM42	\$ 874,955	\$ -	\$ (874,955)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2018	June 30, 2025	SM31/SM42	1,345,318	-	(1,345,318)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026	SM31/SM42	466,033	-	(466,033)	-	-	-	-
For Fiscal Year ended June 30, 2020	June 30, 2027	SM31/SM42	890,385	-	(890,385)	-	-	-	-
For Fiscal Year ended June 30, 2021	June 30, 2028	SM31/SM42	328,796	-	(328,796)	-	-	-	-
For Fiscal Year ended June 30, 2022	June 30, 2029		1,047,857	-	(1,047,857)	-	-	-	43,458
For Fiscal Year ended June 30, 2023	June 30, 2030		1,188,651	-	(1,188,651)	-	-	-	1,188,651
For Fiscal Year ended June 30, 2024	June 30, 2031		158,490	264,554	(423,044)	-	-	-	-
Interest Income			-	256,242	-	-	-	256,242	467,602
Total RTCIP Funds			<u>\$ 6,300,485</u>	<u>\$ 520,796</u>	<u>\$ (6,565,039)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,242</u>	<u>\$ 1,699,711</u>

CITY OF SANTEE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Santee, California's (City's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures less debt service in the amount of \$2,310,678. We selected \$1,903,809 (82.39%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of *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 the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2024. The City charges indirect costs at the rate of 23.7% of direct salary and benefit costs associated with each project. The City allocated a total of \$43,399 of indirect costs to all RTIP projects, resulting in 0.78% of indirect costs compared to total project expenditures. We then extrapolated this percentage to calculate total *TransNet* indirect costs of \$17,924. The City does not have a formal written indirect cost plan. The City's indirect cost allocation is reviewed internally and updated annually and last updated during FY24 by the Finance Director. The City's indirect cost allocation has not been reviewed by a federal or state agency or audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. Indirect costs did not exceed 10% of total expenditures, as such no explanation was obtained. No exceptions were noted as a result of our procedures.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent

year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as there was no non-*TransNet* activity on Schedule A in FY24.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$2,021,078
Less: debt service payment	<u>(797,208)</u>
Net estimated apportionment	1,223,870
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>367,161</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(15,950)
Maintenance fund balance	<u>(88,263)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(104,213)</u>
Fund balance under apportionment	<u>\$471,374</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are indicated on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(15,950)	\$(480,579)	\$(496,529)
Maintenance	<u>(88,263)</u>	<u>1,257,261</u>	<u>1,168,998</u>
Totals	<u>\$(104,213)</u>	<u>\$776,682</u>	<u>\$672,469</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 14.02% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$35,889,070	\$(751,479)	\$35,137,591
Maintenance	5,874,142	1,154,857	7,028,999
Interest	<u>5,829</u>	<u>373,304</u>	<u>379,133</u>
Total local street and road revenue	<u>\$41,769,041</u>	<u>\$776,682</u>	<u>\$42,545,723</u>
30% of total local street and road revenue			\$12,763,717
Less maintenance expenditures incurred to date			<u>(5,964,595)</u>
Available maintenance funds			<u>\$6,799,122</u>
Cumulative percentage expended for maintenance			<u>14.02%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2023	Additions	Principal Payments	Balance June 30, 2024	Total Debt Service*
2014 Bonds	\$220,000	\$ -	\$(220,000)	\$ -	\$(171,843)
2020 Bonds	2,945,000	-	(365,000)	2,580,000	(505,256)
2021 Bonds	<u>2,870,000</u>	<u>-</u>	<u>-</u>	<u>2,870,000</u>	<u>(120,109)</u>
Total	<u>\$6,035,000</u>	<u>-</u>	<u>(585,000)</u>	<u>(5,450,000)</u>	<u>\$(797,208)</u>

* - Total Debt Service is comprised of principal payments, interest, debt service expenses, and withholdings.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$63,894,560</u>	<u>\$54,220,535</u>	<u>1.18</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.18.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$414,730
Growth Rate	<u>1.18</u>
Adjusted MOE base as of June 30, 2024	<u>\$489,381</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$1,950,779
Less MOE base year requirement	<u>(414,730)</u>
Excess MOE for the year ended June 30, 2024	<u>\$1,536,049</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$461,387. We selected \$431,549 (93.53%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of total expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on November 29, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	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	2023-05	Citywide Pavement Repair & Rehab 2023	11,932	838,426	-	(893,207)	42,849	-	(a)(b)
SNT04	2024-01	Citywide Pavement Repair & Rehab 2024	-	7,494	-	(25,657)	-	(18,163)	(c)
		Subtotal SNT04	11,932	845,920	-	(918,864)	42,849	(18,163)	
		2014 Bonds Debt Service	-	171,843	-	(171,843)	-	-	
		2020 Bonds Debt Service	-	505,256	-	(505,256)	-	-	
		2021 Bonds Debt Service	-	120,109	-	(120,109)	-	-	
		Interest Income	118	-	2,095	-	-	2,213	
		Total Congestion Relief	12,050	1,643,128	2,095	(1,716,072)	42,849	(15,950)	
Maintenance:									
SNT22	2023-04	Citywide Crack Sealing Program 2023	-	164,180	-	(164,180)	-	-	(a)
SNT22	2023-06	Citywide Slurry Seal & Roadway Maintenance 2023	9,094	985,721	-	(1,023,447)	(42,849)	(71,481)	(a)(b)(c)
SNT22	2024-02	Citywide Slurry Seal & Roadway Maintenance 2024	-	-	-	(3,839)	-	(3,839)	(c)
SNT22	2024-03	Citywide Crack Sealing Program 2024	-	-	-	(13,891)	-	(13,891)	(c)
		Subtotal SNT22	9,094	1,149,901	-	(1,205,357)	(42,849)	(89,211)	
		Interest Income	50	-	898	-	-	948	
		Total Maintenance	9,144	1,149,901	898	(1,205,357)	(42,849)	(88,263)	

(Continued)

SCHEDULE A

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
		Total Local Street Improvements	\$ 21,194	\$ 2,800,429	\$ 2,993	\$ (2,928,829)	\$ -	\$ (104,213)	
		Smart Growth:							
SNT31	55073	Santee Town Center Specific Plan	-	214,588	-	(179,057)	(80,748)	(45,217)	(d)(e)
		Total Smart Growth	-	214,588	-	(179,057)	(80,748)	(45,217)	
		Total <i>TransNet</i> Extension	21,194	3,015,017	2,993	(3,107,886)	(80,748)	(149,430)	
		GASB 31 Market Value Adjustment	(448)	-	448	-	-	-	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 20,746	\$ 3,015,017	\$ 3,441	\$ (3,107,886)	\$ (80,748)	\$ (149,430)	

Notes:

- (a) - Completed Project.
- (b) - Adjustment to reflect a movement of FY23 expenditures from SNT04 to SNT22 not captured on the previous year's Schedule A.
- (c) - Project deficit to be addressed through drawdown in FY25.
- (d) - Adjustment to reflect FY23 expenditures not reported on the prior year Schedule A.
- (e) - Grant funding will be requested for reimbursement in FY25.

SCHEDULE B

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass Through:						
SNT20		Regional Arterial Management Systems	\$ 88,800	\$ -	\$ (88,800)	\$ -
		Total Congestion Relief - Pass Through	88,800	-	(88,800)	-
Congestion Relief:						
SNT04	2023-05	Citywide Pavement Repair & Rehab 2023	924,054	-	(924,054)	-
SNT04	2024-01	Citywide Pavement Repair & Rehab 2024	7,494	-	(25,657)	(18,163)
		Subtotal SNT04	931,548	-	(949,711)	(18,163)
		2014 Bonds Debt Service	2,791,523	-	(2,791,523)	-
		2020 Bonds Debt Service	2,170,131	-	(2,170,131)	-
		2021 Bonds Debt Service	262,413	-	(262,413)	-
		Interest Income	-	2,213	-	2,213
		Total Congestion Relief	6,155,615	2,213	(6,173,778)	(15,950)
Maintenance:						
SNT22	2023-04	Citywide Crack Sealing Program 2023	173,811	-	(173,811)	-
SNT22	2023-06	Citywide Slurry Seal & Roadway Maintenance 2023	997,080	-	(1,068,561)	(71,481)
SNT22	2024-02	Citywide Slurry Seal & Roadway Maintenance 2024	-	-	(3,839)	(3,839)
SNT22	2024-03	Citywide Crack Sealing Program 2024	-	-	(13,891)	(13,891)
		Subtotal SNT22	1,170,891	-	(1,260,102)	(89,211)
		Interest Income	-	948	-	948
		Total Maintenance	1,170,891	948	(1,260,102)	(88,263)
		Total Local Street Improvements	7,415,306	3,161	(7,522,680)	(104,213)

(Continued)

SCHEDULE B

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

<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, 2024</u>
		Smart Growth:				
SNT31	55073	Santee Town Center Specific Plan	<u>214,588</u>	<u>-</u>	<u>(259,805)</u>	<u>(45,217)</u>
		Total Smart Growth	<u>214,588</u>	<u>-</u>	<u>(259,805)</u>	<u>(45,217)</u>
		Completed Projects				
		LSI - Congestion Relief	\$ 20,015,261	\$ 1,426	\$ (20,016,687)	\$ -
		LSI - Maintenance	4,703,251	1,242	(4,704,493)	-
		Commercial Paper Debt Service	9,629,394	-	(9,629,394)	-
		Bikes and Pedestrian	<u>423,141</u>	<u>-</u>	<u>(423,141)</u>	<u>-</u>
		Total Completed Projects	<u>34,771,047</u>	<u>2,668</u>	<u>(34,773,715)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 42,400,941</u>	<u>\$ 5,829</u>	<u>\$ (42,556,200)</u>	<u>\$ (149,430)</u>

SCHEDULE C

CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2024	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2024	June 30, 2023	
For Fiscal Year ended June 30, 2017	June 30, 2024	SNT23, SNT26	\$ 228,629	\$ -	\$ (228,629)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2018	June 30, 2025	SNT23, SNT26	1,079,459	-	(710,626)	(38,182)	-	330,651	792,038	(a)
For Fiscal Year ended June 30, 2019	June 30, 2026		255,798	-	-	-	-	255,798	255,798	
For Fiscal Year ended June 30, 2020	June 30, 2027		672,284	-	-	-	-	672,284	672,284	
For Fiscal Year ended June 30, 2021	June 30, 2028		258,688	-	-	-	-	258,688	258,688	
For Fiscal Year ended June 30, 2022	June 30, 2029		301,308	-	-	-	-	301,308	301,308	
For Fiscal Year ended June 30, 2023	June 30, 2030		323,753	-	-	-	-	323,753	323,753	
For Fiscal Year ended June 30, 2024	June 30, 2031		202,666	-	-	-	-	202,666	-	
Interest Income			-	242,880	-	-	-	242,880	113,542	
Total RTCIP Funds			\$ 3,322,585	\$ 242,880	\$ (939,255)	\$ (38,182)	\$ -	\$ 2,588,028	\$ 2,717,411	

Notes:

(a) Adjustment made in FY19 to correct FY18 revenue incorrectly reported in the RTCIP fund in error.

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Solana Beach, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income reported in Schedule A or within the general ledger for FY24.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures less debt service in the amount of \$315,000. We selected \$254,942 (80.93%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects in FY24.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP during FY24.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments presented on Schedule A in FY24.

- 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, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which had no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity included within Schedule A in FY24.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments presented on Schedule A in FY24.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$559,795
Less: debt service payment	<u>(159,398)</u>
Net estimated apportionment	400,397
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>120,119</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	1,702
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>1,702</u>
Fund balance under apportionment	<u>\$118,417</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$1,702	\$(500,504)	\$(498,802)
Maintenance	<u>-</u>	<u>1,861,372</u>	<u>1,861,372</u>
Totals	<u>\$1,702</u>	<u>\$1,360,868</u>	<u>\$1,362,570</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 2.96% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$11,392,003	\$(689,057)	\$10,702,946
Maintenance	389,587	1,784,206	2,173,793
Interest	<u>4,279</u>	<u>265,719</u>	<u>269,998</u>
 Total local street and road revenue	 <u>\$11,785,869</u>	 <u>\$1,360,868</u>	 <u>\$13,146,737</u>
 30% of total local street and road revenue			\$3,944,021
Less maintenance expenditures incurred to date			<u>(389,587)</u>
 Available maintenance funds			<u>\$3,554,434</u>
 Cumulative percentage expended for maintenance			<u>2.96%</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.

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2024</u>	<u>Total Debt Service*</u>
2010 Series A Bonds	\$5,500,000	\$ -	\$ -	\$5,500,000	\$(159,398)
Total	<u>\$5,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,500,000</u>	<u>\$(159,398)</u>

* - Total Debt Service is comprised of principal payments, interest, debt service expenses, and withholdings.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.
- a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.
- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$35,741,477</u>	<u>\$23,041,752</u>	<u>1.55</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.55.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$337,419
Growth Rate	<u>1.55</u>
Adjusted MOE base as of June 30, 2024	<u>\$522,999</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
- 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$3,299,658
Less MOE base year requirement	<u>(337,419)</u>
Excess MOE for the year ended June 30, 2024	<u>\$2,962,239</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: This procedure is not applicable as the City did not collect any exactions for the fiscal year ending June 30, 2024.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$3,599. We selected \$3,538 (98%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures incurred for RTCIP projects for the fiscal year ending June 30, 2024.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on September 23, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We documented the status of any prior year findings and recommendations.

Results: The City had one finding as of June 30, 2023, relating to the City not expending or committing RTCIP funding collected during fiscal year 2016 within seven years of collection. The City passed council resolution 2023-122 on November 8, 2023 to amend the 2023 RTIP listing of projects and commit to spending RTCIP funds in fiscal year 2024 and 2025 totaling \$61,000. As such, this finding has been remediated in the current year.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SOLANA BEACH, CALIFORNIA

TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
SB16	9362.23	Annual Pavement Management - Resurfacing	\$ -	\$ 125,000	\$ -	\$ (125,000)	\$ -	\$ -	
SB21	9525.00	Santa Helena Roadside Park	-	-	-	-	-	-	
SB21	9538.21	Sidewalks and Associated Street Improvements At Various Locations - Incl. Safe Routes to School Local Match	(2,155)	90,000	-	(90,000)	-	(2,155)	(a)
		Total SB21 Projects	(2,155)	90,000	-	(90,000)	-	(2,155)	
		2010 Series A Bonds	-	159,398	-	(159,398)	-	-	
		Interest Income	3,857	-	-	-	-	3,857	
		Total Congestion Relief	1,702	374,398	-	(374,398)	-	1,702	
Maintenance:									
SB18		Pavement Maintenance	-	100,000	-	(100,000)	-	-	
		Total Maintenance	-	100,000	-	(100,000)	-	-	
		Total Local Street Improvements	1,702	474,398	-	(474,398)	-	1,702	
		Total TransNet Extension	\$ 1,702	\$ 474,398	\$ -	\$ (474,398)	\$ -	\$ 1,702	

Notes:

(a) To clear the deficit balance, the City will request a drawdown in FY 24-25.

SCHEDULE B

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SB16	9362.23	Annual Pavement Management - Resurfacing	\$ 125,000	\$ -	\$ (125,000)	\$ -
SB21	9525	Santa Helena Roadside Park	46,650	-	(46,650)	-
SB21	9538.21	Sidewalks and Associated Street Improvements At Various Locations - Incl. Safe Routes to School Local Match	141,276	-	(143,431)	(2,155)
		Total SB21 Projects	187,926	-	(190,081)	(2,155)
		2010 Series A Bonds	2,954,591	-	(2,954,591)	-
		Interest Income	-	3,857	-	3,857
		Total Congestion Relief	3,267,517	3,857	(3,269,672)	1,702
Maintenance:						
SB18		Pavement Maintenance	225,350	-	(225,350)	-
		Total Maintenance	225,350	-	(225,350)	-
		Total Local Street Improvements	3,492,867	3,857	(3,495,022)	1,702
Completed Projects						
		LSI - Congestion Relief	\$ 8,124,486	\$ 422	\$ (8,124,908)	\$ -
		LSI - Maintenance	164,237	-	(164,237)	-
		Bikes and Pedestrian	135,986	-	(135,986)	-
		Pavement Maintenance	125,350	-	(125,350)	-
		Total Completed Projects	8,550,059	422	(8,550,481)	-
Total Cumulative <i>TransNet</i> Extension			\$ 12,042,926	\$ 4,279	\$ (12,045,503)	\$ 1,702

SCHEDULE C

CITY OF SOLANA BEACH, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative							Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2024	Cumulative Status		
								June 30, 2024	June 30, 2023	
Year ended June 30, 2016	June 30, 2023	SB16/SB23	\$ 19,566	\$ -	\$ (19,566)	\$ -	\$ -	\$ -	\$ 754	
Year ended June 30, 2017	June 30, 2024	SB23	29,714	-	(2,845)	-	(26,869)	26,869	29,714	(a)
Year ended June 30, 2018	June 30, 2025	SB23	36,233	-	-	-	(30,532)	36,233	36,233	(a)
Year ended June 30, 2019	June 30, 2026		46,381	-	-	-	-	46,381	46,381	
Year ended June 30, 2020	June 30, 2027		7,246	-	-	-	-	7,246	7,246	
Year ended June 30, 2021	June 30, 2028		10,869	-	-	-	-	10,869	10,869	
Year ended June 30, 2022	June 30, 2029		88,418	-	-	-	-	88,418	88,418	
Year ended June 30, 2023	June 30, 2030		86,970	-	-	-	-	86,970	86,970	
Year ended June 30, 2024	June 30, 2031		-	-	-	-	-	-	-	
Interest Income			-	17,297	-	(156)	-	17,141	10,417	(b)
Subtotal RTCIP Funds			325,397	17,297	(22,411)	(156)	(57,401)	320,127	317,002	
GASB 31 Market Value Adjustment			-	5,091	-	-	-	5,091	(4,403)	
Total RTCIP Funds			\$ 325,397	\$ 22,388	\$ (22,411)	\$ (156)	\$ (57,401)	\$ 325,218	\$ 312,599	

Notes:

(a) - The City committed funding to SB23 in FY25 to expend collected funding on Traffic Signal Upgrades.

(b) - A reduction in interest income was made for FY23 to account for banking service fees related to interest earned for the RTCIP fund.

CITY OF VISTA, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Vista, California's (City or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the City with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$3,714,889. We selected \$3,214,772 (86.54%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated to projects on Schedule A in FY24.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments included within Schedule A in FY24.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no projects completed within Schedule A in FY24.

- 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, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the

recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years during FY24.

- 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 FY24.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects in FY24.

- 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 to report on Schedule A in FY24.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments noted within Schedule A in FY24.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$3,294,166
Less: debt service payment	<u>-</u>
Net estimated apportionment	3,294,166
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>988,250</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	235,553
Maintenance fund balance	<u>594</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>236,147</u>
Fund balance under apportionment	<u>\$752,103</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$235,553	\$1,463,345	\$1,698,898
Maintenance	<u>594</u>	<u>4,163,298</u>	<u>4,163,892</u>
Totals	<u>\$236,147</u>	<u>\$5,626,643</u>	<u>\$5,862,790</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 18.11% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$28,882,311	\$814,097	\$29,696,408
Maintenance	7,626,475	3,866,659	11,493,134
Interest	<u>(14,618)</u>	<u>945,887</u>	<u>931,269</u>
 Total local street and road revenue	 <u>\$36,494,168</u>	 <u>\$5,626,643</u>	 <u>\$42,120,811</u>
 30% of total local street and road revenue			\$12,636,243
Less maintenance expenditures incurred to date			<u>(7,626,053)</u>
 Available maintenance funds			 <u>\$5,010,190</u>
 Cumulative percentage expended for maintenance			 <u>18.11%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
Index as of June 30, 2024 divided by Index as of June 30, 2021	<u>161.65</u>	<u>91.96</u>	<u>1.76</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient

agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2024</u>	<u>2021</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2024, divided by General Fund revenues as of June 30, 2021	<u>\$127,894,678</u>	<u>\$100,224,452</u>	<u>1.28</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.28.

- d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,703,119
Growth Rate	<u>1.28</u>
Adjusted MOE base as of June 30, 2024	<u>\$2,179,992</u>

13. With respect to the MOE requirement:

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to the 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 13.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, 2024, is summarized as follows:

Current year local discretionary expenditures	\$4,198,546
Less MOE base year requirement	<u>(1,703,119)</u>
Excess MOE for the year ended June 30, 2024	<u>\$2,495,427</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed

in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$564,862. We selected \$93,669 (16.58%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to

ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The City provided RTCIP documentation on September 17, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: This procedure is not applicable as the City did not include any administrative projects in the RTIP.

- 16. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2023 through June 30, 2024.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“Schedule C” means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency’s RTCIP Fund.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
VISTA 56	N/A	Regional Arterial Management Systems	\$ -	\$ 8,800	\$ -	\$ (8,800)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	8,800	-	(8,800)	-	-	
Congestion Relief:									
VISTA 46	8225	Street Construction/Overlay-Annual	(7,039)	3,875,661	-	(3,527,657)	-	340,965	
VISTA 55	8290	Pedestrian Mobility Sidewalks	(3,251)	22,890	-	(135,568)	-	(115,929)	(a)
		Interest Income	4,527	-	5,990	-	-	10,517	
		Total Congestion Relief	(5,763)	3,898,551	5,990	(3,663,225)	-	235,553	
Maintenance:									
VISTA 53	8262	Annual Street Maintenance & Resurfacing	(21,481)	64,837	-	(42,864)	-	492	
		Interest Income	102	-	-	-	-	102	
		Total Maintenance	(21,379)	64,837	-	(42,864)	-	594	
		Total Local Street Improvements	(27,142)	3,972,188	5,990	(3,714,889)	-	236,147	
Total <i>TransNet</i> Extension			\$ (27,142)	\$ 3,972,188	\$ 5,990	\$ (3,714,889)	\$ -	\$ 236,147	

Notes:

(a) City will request reimbursement of programmed funds to eliminate negative balance in VISTA 55.

SCHEDULE B

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
VISTA 56	N/A	Regional Arterial Management Systems	\$ 96,800	\$ -	\$ (96,800)	\$ -
		Total Congestion Relief - Pass-Through	96,800	-	(96,800)	-
Congestion Relief:						
VISTA 46	8225	Street Construction/Overlay-Annual	16,163,545	-	(15,822,580)	340,965
VISTA 55	8290	Pedestrian Mobility Sidewalks	941,136	3	(1,057,068)	(115,929)
		Interest Income	-	10,517	-	10,517
		Total Congestion Relief	17,104,681	10,520	(16,879,648)	235,553
Maintenance:						
VISTA 53	8262	Annual Street Maintenance & Resurfacing	4,210,000	-	(4,209,508)	492
		Interest Income	-	102	-	102
		Total Maintenance	4,210,000	102	(4,209,508)	594
		Total Local Street Improvements	21,411,481	10,622	(21,185,956)	236,147
Completed Projects:						
		LSI - Congestion Relief	11,680,830	(25,310)	(11,655,520)	-
		LSI - Maintenance	3,416,475	70	(3,416,545)	-
		Senior Mini Grants	554,261	-	(554,261)	-
		Smart Growth Grants	4,399,203	-	(4,399,203)	-
		Bikes and Pedestrian	4,072,534	-	(4,072,534)	-
		Total Completed Projects	24,123,303	(25,240)	(24,098,063)	-
Total Cumulative <i>TransNet</i> Extension			\$ 45,534,784	\$ (14,618)	\$ (45,284,019)	\$ 236,147

SCHEDULE C

CITY OF VISTA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2024

			Cumulative							
Project Year	Last Date to Spend funds	MPO ID	Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed June 30, 2024	Cumulative Status		Notes
								June 30, 2024	June 30, 2023	
For Fiscal Year ended June 30, 2017	June 30, 2024	VISTA15/46	\$ 172,061	\$ -	\$ (172,061)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2018	June 30, 2025	VISTA15/46	317,346	-	(317,346)	-	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026	VISTA15/46	2,148,210	-	(959,430)	(23,877)	-	1,164,903	1,753,642	(a)
For Fiscal Year ended June 30, 2020	June 30, 2027		488,898	-	-	-	-	488,898	488,898	
For Fiscal Year ended June 30, 2021	June 30, 2028		250,631	-	-	-	-	250,631	250,631	
For Fiscal Year ended June 30, 2022	June 30, 2029		166,037	-	-	-	-	166,037	166,037	
For Fiscal Year ended June 30, 2023	June 30, 2030		451,619	-	-	-	-	451,619	451,619	
For Fiscal Year ended June 30, 2024	June 30, 2031		520,974					520,974	-	
Interest Income			-	353,523	-	12,585	-	366,108	263,139	(b)
Total RTCIP Funds			4,515,776	353,523	(1,448,837)	(11,292)	-	3,409,170	3,373,966	
GASB 31 Market Value Adjustment			-	54,478	-	(190)	-	54,288	2,682	(c)
Total RTCIP Funds			\$ 4,515,776	\$ 408,001	\$ (1,448,837)	\$ (11,482)	\$ -	\$ 3,463,458	\$ 3,376,648	

Notes:

(a) Adjustment made to reflect previously unreported expenditures from FY23.

(b) Adjustment made to reflect a change in interest income for FY22 and FY23.

(c) Adjustment made to reflect a change in GASB 31 market value for FY22 and FY23.

COUNTY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the County of San Diego, California's (County or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. The County's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by the County with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected interest income reported on Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The County recorded total *TransNet* expenditures in the amount of \$9,371,607. We selected \$5,087,725 (54.29%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support inspected, we determined whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: The County recorded total *TransNet* payroll expenditures in the amount of \$4,344,608, which represented 46.36% of total expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect

cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been approved by a Federal or State agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: The County allocated indirect costs to projects included in the RTIP for the year ended June 30, 2024. The County allocates indirect costs to the projects included in the RTIP using an overhead ratio of total overhead costs to direct labor costs. Multiple rates were used due to different cost codes. A total of \$1,622,290 of indirect costs were charged to the *TransNet* program, which resulted in an average indirect cost rate of 17.31% compared to total *TransNet* expenditures. The County stated that the indirect cost exceeded 10% due to the increase in labor costs and a decrease in non-labor costs charged to the *TransNet* projects. The County's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA. The indirect cost rates were updated and reviewed during FY24 by the County's Auditor & Controller Department. The County's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We inspected any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: No exceptions were noted as a result of our procedures.

- j. We confirmed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as there were no non-*TransNet* activity reported in Schedule A.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: CNTY82 was completed during FY23. Remaining funds will be transferred to CNTY14A Santa Fe Ave in FY25. As such, this project was not included in the completed section of Schedule B in FY24.

8. We inspected the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance (over)/under the threshold.

Results: The County is in compliance with the 30% requirement as follows:

Fiscal year 2024 apportionment	\$23,273,259
Less: debt service payment	<u>(1,215,552)</u>
Net estimated apportionment	22,057,707
30% base	<u>30%</u>
Fiscal year 2024 30% threshold	<u>6,617,312</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	440,914
Maintenance fund balance	<u>(72,312)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>368,602</u>
Fund balance under apportionment	<u>\$ 6,248,710</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 2024 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2024 are as follows:

	<u>Funds Held by County</u>	<u>Funds Held by SANDAG</u>	<u>Total</u>
Congestion Relief	\$440,914	\$ 23,844,414	\$ 24,285,328
Maintenance	<u>(72,312)</u>	<u>76,485,378</u>	<u>76,413,066</u>
Totals	<u>\$368,602</u>	<u>\$100,329,792</u>	<u>\$100,698,394</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The County has expended 4.19% of cumulative local street and road revenue for maintenance as follows:

	<u>County</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$160,726,822	\$ 16,696,877	\$177,423,699
Maintenance	10,588,090	73,686,864	84,274,954
Interest	<u>1,954,652</u>	<u>9,946,051</u>	<u>11,900,703</u>
Total local street and road revenue	<u>\$173,269,564</u>	<u>\$100,329,792</u>	<u>\$273,599,356</u>
30% of total local street and road revenue			\$ 82,079,807
Less maintenance expenditures incurred to date			<u>(11,463,804)</u>
Available maintenance funds			\$ <u>70,616,003</u>
Cumulative percentage expended for maintenance			<u>4.19%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The County does not include the debt service on the bonds in Schedule A. SANDAG provided the schedule of long-term debt for the County as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Total Debt Service *</u>
2008 Bonds	\$14,271,912	\$ 180,800	\$(14,452,712)	\$ -	\$ (2,255)
2023 Bonds	<u>-</u>	<u>14,452,713</u>	<u>(464,228)</u>	<u>13,988,485</u>	<u>(1,213,297)</u>
Total	<u>\$14,271,912</u>	<u>\$14,633,513</u>	<u>\$(14,916,940)</u>	<u>\$13,988,485</u>	<u>\$(1,215,552)</u>

*Total Debt Service is comprised of principal payments, bond refunding, interest, debt service expenses, and withholdings.

12. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2027, 2028, and 2029.

a. We obtained the Construction Cost Index for June 30, 2024 from SANDAG.

- i. We calculated the growth rate of the Construction Cost Index (Index) by taking the Index as of June 30, 2024 and dividing it by the previously approved MOE base period of June 30, 2021.

Results: This procedure is not applicable as the County does not have an MOE requirement.

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2024.

- i. We calculated the growth rate in the recipient agency's General Fund revenues by taking the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2024 and divided it by the General Fund revenues as reported in the recipient agency's annual financial report as of June 30, 2021, the previously approved MOE base period.

Results: This procedure is not applicable as the County does not have an MOE requirement.

c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: This procedure is not applicable as the County does not have an MOE requirement.

d. We applied the growth rate selected in (c) above to the previously approved MOE base and determined the re-indexed MOE base as of June 30, 2024, to become effective for the fiscal years ending June 30, 2027, 2028, and 2029.

Results: This procedure is not applicable as the County does not have an MOE requirement.

13. With respect to the MOE requirement:

a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.

b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- 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 13.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: This procedure is not applicable as the County does not have an MOE requirement.

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We inspected exactions collected to ensure that the recipient agency was using the most current approved fee amount.

Results: The County did not collect the correct exaction fee for 84 unit permits issued. See the Findings and Recommendation section of the report.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we obtained evidence the unexpended RTCIP revenue was programmed in the RTIP before the expiration of the seven-year timeframe. We also ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and selected at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The County recorded total RTCIP expenditures in the amount of \$198,726. We selected \$25,413 (12.79%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 14.c.v, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 14.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: The County recorded total RTCIP payroll expenditures in the amount of \$163,333, which represented 82.19% of total expenditures. We selected one pay period and 4 employees for testing. No exceptions were noted as a result of our procedures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: No exceptions were noted as a result of our procedures.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension

Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and documented that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We inspected the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the County did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for inspection.

Results: The County provided RTCIP documentation on October 8, 2024.

- xiv. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 15. We inspected the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The County did not include any administrative projects in the RTIP.

16. We documented the status of any prior year findings and recommendations.

Results: The County had one prior year finding from FY23 relating to not collecting the correct required exaction fee amount due to a transposition error. As of June 30, 2024, the County was able to collect \$70.56 from a General Fund transfer. However, the cause of the finding is not resolved as the same issue was noted as a finding in FY24.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: See the Findings and Recommendations section of this report.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the County's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

COUNTY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the *TransNet* Fund

Findings and Recommendations

Year Ended June 30, 2024

(1) **Need to Use Approved Exaction Fee**

The County did not consistently collect the required exaction fee amount of \$2,688.21 during the fiscal year ended June 30, 2024 for permits applicable to FY23. For 84 out of 915 units, the exaction fees were input incorrectly into the system as \$2,688.12. This resulted in an under-collection of the exaction fee in the total amount of \$7.56.

<u>Number of units</u>	<u>Amount Required</u>	<u>Amount Charged</u>	<u>Variance</u>
84	\$225,809.64	\$225,802.08	\$7.56

SANDAG Board recommendations as of February 9, 2022 and subsequent approval states, in part:

"...the Board of Directors is asked to approve a 2 percent adjustment to the Regional Transportation Congestion Improvement Program (RTCIP) raising the minimum fee from \$2,635.50 to \$2,688.21 beginning July 1, 2022."

Additionally, Board Policy 031, Rule #23 B.5 states in part:

"...if, however, the audit establishes a local agency did not provide its full monetary contribution under the RTCIP and the local agency does not cure defects of which it was notified by the time the audit is finalized and adopted by the ITOC, then the local agency will have forfeited its Section 4(D)(1) contribution. Any amount paid to the local agency in the fiscal year that was the subject of the audit will be retroactively owed to the Commission..."

Recommendation

We recommend that the County recover the under-collection of exaction fees in the amount of \$7.56. Additionally, we recommend that the County ensure the correct exaction fee for the applicable fiscal year be inputted into the system.

Management Response

The County will recover the under-collected exaction fees totaling \$7.56 for 84 units from the General Fund before fiscal year end June 30, 2025. Exaction fees are updated each year in our ERP system and billing system before the commencement of each fiscal year. County Program and Financial Services staff will review, compare, and validate the approved rates upon notification of the new rate and effective date from SANDAG. County staff have been reminded and re-trained on updating permit fees annually and will monitor for any inconsistencies to help reduce or eliminate under collection in the future.

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"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.

"Schedule C" means the Cumulative Schedule of Status of Funds; a cumulative listing of the collections and expenditures of the recipient agency's RTCIP Fund.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

COUNTY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CNTY81		Regional Arterial Management Systems	\$ -	\$ 12,500	\$ -	\$ (12,500)	\$ -	\$ -	(a)
		Total Congestion Relief - Pass-Through	-	12,500	-	(12,500)	-	-	
Congestion Relief:									
CNTY14A	1010123	South Santa Fe - South	5,284	95,000	859	(14,857)	-	86,286	
CNTY21	1003030	Bradley Avenue	764,901	160,000	5,431	(920,856)	-	9,476	
CNTY24	1003046	Cole Grade - High School	646,567	730,000	-	(1,841,607)	-	(465,040)	(b)
CNTY34	1009589	Dye Road Extension	13,494	-	449	(6,119)	-	7,824	
CNTY35	1009591	Ramona Street Extension	9,858	-	331	(5,382)	-	4,807	
CNTY82	1010313	Alpine Blvd	48,608	-	1,934	-	-	50,542	(c)
CNTY86	1025051	ADA Ramps 21/22	3,371,827	-	134,131	-	(3,505,958)	-	(d)
CNTY86	1025064	AC Overlay 22/23 North	(1,217,341)	3,362,000	-	(4,482,656)	3,505,958	1,167,961	(d)
CNTY86	1025054	AC Overlay 23/24 North	-	-	-	(377,664)	-	(377,664)	(b)
CNTY88	1018734	Ashwood St Corridor	446,496	52,000	3,525	(591,585)	-	(89,564)	(b)
CNTY99	1026130	Etcheverry St Paving	2,283	210,000	-	(165,997)	-	46,286	
		Total Congestion Relief	4,091,977	4,609,000	146,660	(8,406,723)	-	440,914	
Maintenance:									
CNTY90	1020776	Camino Del Rey Drainage	150,070	230,000	11	(452,393)	-	(72,312)	
		Total Maintenance	150,070	230,000	11	(452,393)	-	(72,312)	
		Total Local Street Improvements	4,242,047	4,851,500	146,671	(8,871,616)	-	368,602	

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2024	Notes
Smart Growth Incentive Program:									
CNTY101	S1022285	Community Based Transportation Program	\$ -	\$ 37,622	\$ -	\$ (37,622)	\$ -	\$ -	
		Total Smart Growth Incentive Program	-	37,622	-	(37,622)	-	-	
Competitive Land Management Grant:									
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	(110,127)	178,476	-	(185,095)	-	(116,746)	(b)
V08	S1109972	Rancho Lilac Resource Management Plan	-	83,035	-	(230,909)	-	(147,874)	(b)
V07	S1125469	Otay Ranch Preserve Enhancement Project	-	41,778	-	(46,365)	-	(4,587)	(b)
		Total Competitive Land Management Grant	(110,127)	303,289	-	(462,369)	-	(269,207)	
Total <i>TransNet</i> Extension			\$ 4,131,920	\$ 5,192,411	\$ 146,671	\$ (9,371,607)	\$ -	\$ 99,395	

Notes:

- 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.
- (a) receive this cash and did not incur any expenditures. This was a pass-through managed by SANDAG.
- (b) Negative project status balance is due to qualifying expenditures incurred during the fiscal year. The remaining reimbursement will be received in FY24-25.
- (c) CNTY82 Alpine Blvd project complete. Remaining funds will be transferred to CNTY14A Santa Fe Ave – South in FY24/25. The County passed a resolution to amend the RTIP on April 10, 2024, Minute Order 4 to approve the transfer.
- (d) CNTY 86 Project 1025051 ADA Ramps 21/22 is complete. Remaining fund transferred to CNTY 86 Project 1025064 AC Overlay 22/23 North.

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SAN54/ CNTY81		Regional Arterial Management Systems	\$ 150,000	\$ -	\$ (150,000)	\$ -
		Total Congestion Relief - Pass-Through	150,000	-	(150,000)	-
Congestion Relief:						
CNTY14A	1010123	South Santa Fe - South	1,292,312	4,473	(1,210,499)	86,286
CNTY21	1003030	Bradley Avenue	11,405,617	101,801	(11,497,942)	9,476
CNTY24	1003046	Cole Grade - High School	8,098,000	59,959	(8,622,999)	(465,040)
CNTY34	1009589	Dye Road Extension	979,405	2,496	(974,077)	7,824
CNTY35	1009591	Ramona Street Extension	835,330	20,411	(850,934)	4,807
CNTY82	1010313	Alpine Blvd	5,794,000	14,789	(5,758,247)	50,542
CNTY86	1025051	ADA Ramps 21/22	5,546,903	161,949	(5,708,852)	-
CNTY86	1025064	AC Overlay 22/23 North	6,867,958	-	(5,699,997)	1,167,961
CNTY86	1025054	AC Overlay 23/24 North	-	-	(377,664)	(377,664)
CNTY88	1018734	Ashwood St Corridor	3,212,000	24,949	(3,326,513)	(89,564)
CNTY99	1026130	Etcheverry St Paving	230,000	16	(183,730)	46,286
		Total Congestion Relief	44,261,525	390,843	(44,211,454)	440,914
Maintenance:						
CNTY90	1020776	Camino Del Rey Drainage	1,681,949	27,214	(1,781,475)	(72,312)
		Total Maintenance	1,681,949	27,214	(1,781,475)	(72,312)
		Total Local Street Improvements	46,093,474	418,057	(46,142,929)	368,602

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
Smart Growth Incentive Program:						
CNTY95	5005475	Alpine Community Plan Implementation Financing Tools and Mechanisms Plan	\$ 45,321	\$ -	\$ (45,321)	\$ -
CNTY96	5005476	Casa De Oro - Campo Road Specific Plan	499,999	-	(499,999)	-
CNTY97	5005477	Valley Center Community Plan Update	286,257	-	(286,257)	-
CNTY101	S1022285	Community Based Transportation Program	<u>37,622</u>	<u>-</u>	<u>(37,622)</u>	<u>-</u>
Total Smart Growth Incentive Program			<u>869,199</u>	<u>-</u>	<u>(869,199)</u>	<u>-</u>
Competitive Land Management Grant:						
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	1,626,530	-	(1,743,276)	(116,746)
V08	S1109972	Rancho Lilac Resource Management Plan	166,150	-	(314,024)	(147,874)
V07	S1125469	Otay Ranch Preserve Enhancement Project	<u>41,778</u>	<u>-</u>	<u>(46,365)</u>	<u>(4,587)</u>
Total Competitive Land Management Grant			<u>1,834,458</u>	<u>-</u>	<u>(2,103,665)</u>	<u>(269,207)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>48,797,131</u>	<u>418,057</u>	<u>(49,115,793)</u>	<u>99,395</u>
Completed Projects:						
LSI - Congestion Relief Pass Through			36,000	-	(36,000)	-
LSI - Congestion Relief			116,279,297	760,407	(117,039,704)	-
LSI - Maintenance			8,906,141	776,188	(9,682,329)	-
Bikes and Pedestrians			625,000	-	(625,000)	-
Competitive Land Management Grant			<u>915,288</u>	<u>-</u>	<u>(915,288)</u>	<u>-</u>
Total Completed Projects			<u>126,761,726</u>	<u>1,536,595</u>	<u>(128,298,321)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 175,558,857</u>	<u>\$ 1,954,652</u>	<u>\$ (177,414,114)</u>	<u>\$ 99,395</u>

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2024

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds committed at June 30, 2024	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	County Adjustments		June 30, 2024	June 30, 2023	
For Fiscal Year ended June 30, 2017	June 30, 2024	CNTY89	\$ 1,455,074	\$ 109,753	\$ (1,093,355)	\$ -	\$ (471,472)	\$ 471,472	\$ 642,608	
For Fiscal Year ended June 30, 2018	June 30, 2025		2,646,555	332,530	-	-	-	2,979,085	2,876,821	
For Fiscal Year ended June 30, 2019	June 30, 2026		2,245,234	258,081	-	-	-	2,503,315	2,417,383	
For Fiscal Year ended June 30, 2020	June 30, 2027		2,508,395	238,235	-	-	-	2,746,630	2,652,346	
For Fiscal Year ended June 30, 2021	June 30, 2028		2,308,647	177,174	-	-	-	2,485,821	2,400,498	
For Fiscal Year ended June 30, 2022	June 30, 2029		4,012,222	271,059	-	-	-	4,283,281	4,136,226	
For Fiscal Year ended June 30, 2023	June 30, 2030		2,454,952	151,026	-	71	-	2,606,049	2,516,000	(a)
For Fiscal Year ended June 30, 2024	June 30, 2031		<u>2,686,708</u>	<u>98,473</u>	<u>-</u>	<u>(71)</u>	<u>-</u>	<u>2,785,110</u>	<u>-</u>	(a)(b)
Total RTCIP Funds			<u>\$ 20,317,787</u>	<u>\$ 1,636,331</u>	<u>\$ (1,093,355)</u>	<u>\$ -</u>	<u>\$ (471,472)</u>	<u>\$ 20,860,763</u>	<u>\$ 17,641,882</u>	

(a) Adjustment is for County absorbing undercollected exactions from FY23. County has transferred funds from the general fund to cover the costs.

(b) Interest income and project expenditures for FYs 17 through 24 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. Also see footnote (a) adjustment.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the Independent Taxpayer Oversight Committee's (ITOC or recipient agency) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. ITOC's management is responsible for compliance with the Ordinances and Board Policy.

The ITOC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by ITOC with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff, Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance.

- a. We substantiated all footnotes required in Schedule A.

Results: This procedure is not applicable as there were no footnotes required in Schedule A.

- b. We agreed the beginning balance from the prior year or ensured SANDAG staff provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made for the ITOC from SANDAG staff. We compared the *TransNet* revenue recorded for the ITOC to the listing of payments received from SANDAG staff. We notified SANDAG staff of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2024.
 - i. We inspected the interest income reported on Schedule A and agreed it to SANDAG's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We inspected the total project expenditures per Schedule A and agreed to SANDAG's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected at least 25% of ITOC expenditures as reported by SANDAG to determine if they were necessary and reasonable in carrying out ITOC responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: ITOC recorded total *TransNet* expenditures in the amount of \$533,308. We selected \$168,137 (31.53%) for testing. No exceptions were noted as a result of our procedures.

- iii. If unallowable expenditures were identified in procedure 3.e.ii, we expanded the sample to include an additional 25% of ITOC expenditures and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures are required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 3.e.ii.

- iv. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total amount of expenditures for the year ended June 30, 2024.

- v. We reviewed to ensure that SANDAG's administrative expenditures complied with Commission Ordinance CO-2021-01 that the total administrative expenditures did not exceed \$250,000, as adjusted for inflation.

Results: ITOC recorded total administrative expenditures of \$89,735, which did not exceed \$250,000 as adjusted for inflation. No exceptions were noted as a result of our procedures.

- 4. We obtained from SANDAG staff, Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance.

- a. We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no amounts listed in the Adjustment column of Schedule A.

- 5. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 6. We proposed current year findings as a result of performing the above agreed-upon procedures. We included SANDAG staff's response to address the ITOC finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not

conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on ITOC's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of ITOC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

Definitions

"Current Fiscal Year" means the fiscal period of July 1, 2023 through June 30, 2024.

"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, 2024

<u>Project Name</u>	<u>Status July 1, 2023</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Committee Adjustments</u>	<u>Status June 30, 2024</u>
<i>TransNet</i> Extension:						
Independent Taxpayer Oversight Committee	\$ 362,405	\$ 499,605	\$ 19,390	\$ (533,308)	\$ -	\$ 348,092
Total <i>TransNet</i> Extension	\$ 362,405	\$ 499,605	\$ 19,390	\$ (533,308)	\$ -	\$ 348,092

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities

Cumulative Schedule of Status of Funds

Year Ended June 30, 2024

Project Name	Funds Received	Interest Income	Project Expenditures	Status June 30, 2024
<i>TransNet</i> Extension:				
Independent Taxpayer Oversight Committee	<u>\$ 4,763,103</u>	<u>\$ 75,360</u>	<u>\$ (4,490,371)</u>	<u>\$ 348,092</u>
Total Cumulative <i>TransNet</i> Extension	<u><u>\$ 4,763,103</u></u>	<u><u>\$ 75,360</u></u>	<u><u>\$ (4,490,371)</u></u>	<u><u>\$ 348,092</u></u>

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the San Diego Metropolitan Transit System's (MTS' or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. MTS' management is responsible for compliance with the Ordinances and the Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by MTS with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable as MTS does not participate in the Grant Program.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with management, the *TransNet* revenues and expenditures are not recorded in a separate fund, but MTS maintains separate accountability for all *TransNet* activity.

This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted MTS' alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income required to be reported on Schedule A.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as interest income was not reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: MTS recorded total *TransNet* expenditures in the amount of \$81,989,000. We selected \$23,695,656 (28.90%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology.

We documented whether the recipient agency's indirect cost plan had been approved by a federal or state agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: MTS allocated indirect costs to MPO ID MTS33A and SAN 80 included in the RTIP for the year ended June 30, 2024 at an overhead rate of 30.61% and a fringe rate of 60.57%. The total dollar amount of indirect costs charged was \$164,302, which represented 0.20% of total *TransNet* expenditures. MTS engaged an independent CPA firm to perform agreed-upon procedures applied to its indirect cost rates. The firm used 2 CFR Part 200 as its criteria in reviewing the rates, and conducted that MTS' rates were consistent with the provision of 2 CFR Part 200. The rates were also approved by FTA for FY24. No exceptions were noted as a result of our procedure.

- g. We inspected any amounts reflected in the "Adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments for the year ended June 30, 2024.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as all projects are in progress and there were no completed projects for the fiscal year ended June 30, 2024.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there was not a negative ending balance.

- j. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2024.

Results: This procedure is not applicable as there are no additional funding required.
 - k. We confirmed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
 - l. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
 - m. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - n. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as MTS had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included in Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We inspected the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: MTS is in compliance with the 30% requirement as follows:

	Senior and <u>Disabled</u>	<u>Transit</u>
Fiscal year 2024 apportionment	\$1,197,650	\$45,151,389
Less: debt service payment	<u>-</u>	<u>-</u>
Net estimated apportionment	1,197,650	45,151,389
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2024 30% threshold	<u>359,295</u>	<u>13,545,417</u>
Less:		
Fund balance	<u>-</u>	<u>-</u>
Fund balance under apportionment	\$ <u>359,295</u>	\$ <u>13,545,417</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 is no long-term debt outstanding as of June 30, 2024.

10. We inspected transit operator eligibility for receipt of funds.
 - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.

- b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
- c. We inspected and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2023 to 2024 was 2.97%. The change in total operating cost per revenue vehicle hour for bus services was 0.25% and thus MTS was in compliance with this portion of the requirement. However, the change in total operating cost per revenue vehicle mile for rail services was 10.99%, and thus MTS was not in compliance with this portion of the requirement. MTS submitted to the SANDAG Board, a request to recalculate the operator eligibility for rail services using the 3-year average calculation. On April 25, 2025, the SANDAG Board of Directors approved MTS' request. Therefore, we have recalculated operator eligibility for rail services and MTS is now in compliance with this requirement

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2024</u>	<u>2023</u>	<u>Growth Rate</u>
Operating cost for buses	\$233,388,143	\$215,732,636	
Revenue vehicle hours	2,029,103	1,880,383	
Total operating cost per revenue vehicle hour	\$115.02	\$114.73	0.25%
Consumer Price Index	295.089	286.586	2.97%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Growth Rate</u>
Operating cost for rail	\$136,226,744	\$128,237,421	\$104,704,575	
Revenue vehicle miles	12,156,157	12,700,555	11,626,878	
Total operating cost per revenue vehicle mile	\$11.21	\$10.10	\$9.01	5.22%
Consumer Price Index	295.089	286.586	291.916	6.31%

- 11. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on MTS' compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of MTS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

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 2024 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2023, through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including Metropolitan Transit System and North County Transportation Commission, which receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet and TransNet Extension Activities
Schedule of Status of Funds by Project
Year ended June 30, 2024

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2023</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>MTS Adjustments</u>	<u>Project Status June 30, 2024</u>
TransNet Extension:								
Operating:								
Senior and Disabled Transportation:								
MTS 33A	47130	MTS Access	\$ -	\$ 1,230,126	\$ -	\$ (1,230,126)	\$ -	\$ -
		Total Senior and Disabled Transportation	-	1,230,126	-	(1,230,126)	-	-
Transit and Trolley:								
MTS 32A	47110	MTS Preventive Maintenance	-	46,374,778	-	(46,374,778)	-	-
Major Transit Corridor Operations:								
SAN 80	47140	SuperLoop	-	3,110,447	-	(3,110,447)	-	-
SAN 80	47150	Bus Rapid Transit	-	9,498,708	-	(9,498,708)	-	-
SAN 80	47170	Mid City Bus Rapid Transit	-	2,820,283	-	(2,820,283)	-	-
SAN 80	47180	South Bay Bus Rapid Transit	-	5,617,805	-	(5,617,805)	-	-
SAN 80	47190	MidCoast	-	13,336,853	-	(13,336,853)	-	-
		Total Major Transit Corridor Operations	-	34,384,096	-	(34,384,096)	-	-
		Total Transit and Trolley	-	80,758,874	-	(80,758,874)	-	-
		Total Operating	-	81,989,000	-	(81,989,000)	-	-
		Total <i>TransNet</i> Extension	\$ -	\$ 81,989,000	\$ -	\$ (81,989,000)	\$ -	\$ -

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2024

<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, 2024</u>
<i>TransNet</i> Extension						
Operating:						
Senior and Disabled Transportation:						
MTS 33A	47130	MTS Access	\$ 13,407,667	\$ -	\$ (13,407,667)	\$ -
		Total Senior and Disabled Transportation	13,407,667	-	(13,407,667)	-
Transit and Trolley:						
MTS 32A	47110	MTS Preventative Maintenance	313,158,871	-	(313,158,871)	-
Major Transit Corridor Operations:						
SAN 80	47140	SuperLoop	25,288,992	-	(25,288,992)	-
SAN 80	47150	Bus Rapid Transit	78,119,303	-	(78,119,303)	-
SAN 80	47170	Mid City Bus Rapid Transit	19,724,310	-	(19,724,310)	-
SAN 80	47180	South Bay Bus Rapid Transit	31,296,201	-	(31,296,201)	-
SAN 80	47190	MidCoast	28,299,969	-	(28,299,969)	-
		Total Major Transit Corridor Operations	182,728,775	-	(182,728,775)	-
		Total Transit and Trolley	495,887,646	-	(495,887,646)	-
		Total Operating	509,295,313	-	(509,295,313)	-
		Subtotal Cumulative <i>TransNet</i> Extension	509,295,313	-	(509,295,313)	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

<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, 2024</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	181,530,668	-	(181,530,668)	-
Total Completed Projects			229,220,563	-	(229,220,563)	-
Total Cumulative <i>TransNet</i> Extension			\$ 738,515,876	\$ -	\$ (738,515,876)	\$ -

NORTH COUNTY TRANSIT DISTRICT

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the North County Transit District's (NCTD's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. NCTD's management is responsible for compliance with the Ordinances and the Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by NCTD with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable as NCTD does not participate in the Grant Program.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with management, the *TransNet* revenues and expenditures are not recorded in a separate fund, but NCTD maintains separate accountability for

all *TransNet* activity. This alternative approach to maintaining separate accountability is allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted NCTD's alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income required to be reported on Schedule A.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as interest income was not reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We inspected the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: NCTD recorded total *TransNet* expenditures in the amount of \$33,792,772. We selected \$9,607,296 (28.43%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: This procedure is not applicable as the payroll expenditures did not exceed the 20% of the total dollar amount of expenditures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the methodology. We documented whether the recipient agency's indirect

cost plan had been approved by a federal or state agency or audited by an independent certified public accounting firm (CPA). We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We inspected any amounts reflected in the "Adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments for the fiscal year ended June 30, 2024.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: This procedure is not applicable as there were no completed projects for the fiscal year ended June 30, 2024.

- 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, 2024.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- j. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2024.

Results: No exceptions were noted as a result of our procedures.

- k. We confirmed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- I. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- m. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- n. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as NCTD had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included in Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: This procedure is not applicable as there were no completed projects reported in the prior year's Schedule A.

8. We inspected the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: NCTD is in compliance with the 30% requirement as follows:

	Senior and Disabled	Transit
Fiscal year 2024 apportionment	\$489,994	\$18,472,764
Less: debt service payment	<u>-</u>	<u>(1,417,666)</u>
Net estimated apportionment	489,994	17,055,098
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2024 30% threshold	<u>146,998</u>	<u>5,116,529</u>
Less:		
Fund balance	<u>-</u>	<u>-</u>
Fund balance under apportionment	<u>\$ 146,998</u>	<u>\$5,116,529</u>

9. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance <u>July 1, 2023</u>	<u>Additions</u>	Principal <u>Payments</u>	Balance <u>June 30, 2024</u>	Total Debt <u>Service *</u>
Commercial Paper	\$19,100,000	\$ -	\$(1,350,000)	\$17,750,000	\$(1,417,666)

*Total Debt Service is comprised of principal repayments and allocation of commercial paper expenses.

10. We inspected transit operator eligibility for receipt of funds.
- We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.
 - We obtained from SANDAG staff the increase in CPI over the same period of the prior year.

- c. We inspected and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2023 to 2024 was 2.97%. The change in total operating cost per revenue vehicle hour for bus services was 0.42% 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 6.94%, and thus NCTD was not in compliance with this portion of the requirement. NCTD submitted to the SANDAG Board, a request to recalculate the operator eligibility for rail services using 3 year average calculation. On April 25, 2025, the SANDAG Board of Directors approved NCTD's request. Therefore, we have recalculated operator eligibility for rail services and NCTD is now in compliance with this requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2024</u>	<u>2023</u>	<u>Growth Rate</u>
Operating cost for buses	\$77,089,646	\$70,906,316	
Revenue vehicle hours	482,919	446,040	
Total operating cost per revenue vehicle hour	\$159.63	\$158.97	0.42%
Consumer Price Index	295.089	286.586	2.97%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Growth Rate</u>
Operating cost for rail	\$72,022,138	\$66,569,053	\$60,070,772	
Revenue vehicle miles	912,513	917,029	877,589	
Total operating cost per revenue vehicle mile	\$78.93	\$73.59	\$68.45	4.18%
Consumer Price Index	295.089	286.586	291.916	6.31%

11. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on NCTD's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of NCTD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarrLLP

Irvine, California
June 6, 2025

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 2024 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2023, through June 30, 2024.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including Metropolitan Transit System and North County Transportation Commission, which receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

NORTH COUNTY TRANSIT DISTRICT
TransNet and *TransNet* Extension Activities
Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:									
Operating:									
Senior and Disabled Transportation:									
NCTD03	N/A	Elderly and Disabled	\$ -	\$ 514,000	\$ -	\$ (514,000)	\$ -	\$ -	
		Total Senior and Disabled Transportation	-	514,000	-	(514,000)	-	-	
Transit:									
NCTD16B	N/A	Oceanside to Escondido Rail - SPRINTER Debt Service	-	1,850,000	-	(1,850,000)	-	-	
NCTD34	N/A	Transit Service Operating Support	-	17,760,439	-	(17,760,439)	-	-	
		Total Transit	-	19,610,439	-	(19,610,439)	-	-	
		Total Operating	-	20,124,439	-	(20,124,439)	-	-	
Capital:									
Major Corridor:									
SAN80	N/A	COASTER Expanded Service	(2,491,199)	7,999,658	-	(7,444,809)	-	(1,936,350)	(a)
SAN260	420009	COASTER Train Sets	(2,692,741)	8,057,001	-	(6,223,524)	-	(859,264)	(a)
		Total Major Corridor	(5,183,940)	16,056,659	-	(13,668,333)	-	(2,795,614)	
		Total Capital	(5,183,940)	16,056,659	-	(13,668,333)	-	(2,795,614)	
Total <i>TransNet</i> Extension			\$ (5,183,940)	\$ 36,181,098	\$ -	\$ (33,792,772)	\$ -	\$ (2,795,614)	

Note:

(a) Due as of June 30, 2024; to be reimbursed by SANDAG from TransNet Major Corridor funds.

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2024
TransNet Extension:						
Operating:						
Senior and Disabled Transportation:						
NCTD03	N/A	Elderly and Disabled	\$ 5,444,325	\$ -	\$ (5,444,325)	\$ -
		Total Senior and Disabled Transportation	5,444,325	-	(5,444,325)	-
Transit:						
NCTD16B	N/A	Oceanside to Escondido Rail Operations	26,705,112	-	(26,705,112)	-
NCTD34	N/A	Transit Service Operating Support	177,187,628	-	(177,187,628)	-
		Total Transit	203,892,740	-	(203,892,740)	-
		Total Operating	209,337,065	-	(209,337,065)	-
Capital:						
Major Corridor:						
SAN80	N/A	COASTER Expanded Service	18,333,623	-	(20,269,973)	(1,936,350)
SAN260	420009	COASTER Train Sets	20,977,001	-	(21,836,265)	(859,264)
		Total Major Corridor	39,310,624	-	(42,106,238)	(2,795,614)
		Total Capital	39,310,624	-	(42,106,238)	(2,795,614)
		Subtotal Cumulative <i>TransNet</i> Extension	248,647,689	-	(251,443,303)	(2,795,614)
Completed Projects:						
Operating:						
		<i>TransNet</i> Senior Mini Grant	217,941	-	(217,941)	-
Capital:						
		Major Corridor	69,636,783	429,576	(70,066,359)	-
		Bike, Pedestrian and Neighborhood Safety (BPNS) Inland Rail Trail	3,870,000	25,257	(3,895,257)	-
Transit:						
		Preventive Maintenance	1,715,876	-	(1,715,876)	-
		Total Completed Projects	75,440,600	454,833	(75,895,433)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 324,088,289	\$ 454,833	\$ (327,338,736)	\$ (2,795,614)

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the San Diego Association of Governments' (SANDAG's or recipient agency's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. SANDAG's management is responsible for compliance with the Ordinances and Board Policy.

The Independent Taxpayer Oversight Committee (ITOC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance by SANDAG with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows. A Glossary of Terms is included as Attachment A.

1. We obtained the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures for SANDAG and SDCRTC for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc). We determined that the projects are properly classified by SANDAG and SDCRTC.

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or ensured the recipient agency provided a footnote for any restatements. We determined whether the reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified SANDAG staff and obtained approval.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We inspected the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

Results: This procedure is not applicable as there was no interest reported on Schedule A.

- ii. We inspected the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there was no interest reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the year ended June 30, 2024.

- i. We inspected the total project expenditures per Schedule A and agreed to the respective recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: SANDAG recorded total *TransNet* expenditures in the amount of \$85,351,130. We selected \$23,924,637 (28.03%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transaction and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge was consistent with the project selected.

Results: SANDAG recorded total *TransNet* payroll expenditures in the amount of \$21,449,817, which represented 25.13% of total expenditures. We selected one pay period and three employees for testing. No exceptions were noted as a result of our procedures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and the reasonableness of the

methodology. We documented whether the recipient agency's indirect cost plan had been approved by a federal or state agency or audited by an independent certified public accounting firm. We documented an explanation if indirect costs exceeded 10% of total *TransNet* expenditures.

Results: SANDAG allocated indirect costs to projects included in the RTIP for the year ended June 30, 2024. SANDAG allocates indirect costs at a rate of 112.65% of direct labor costs associated with each project. SANDAG allocated a total of \$7,357,632 of indirect costs to projects, resulting in 8.62% of indirect costs compared to total *TransNet* expenditures. SANDAG's indirect cost plan was reviewed and approved by the State of California Department of Transportation on November 9, 2023, and is updated by SANDAG on an annual basis. The indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- g. We inspected any amounts reported in the "adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no amounts reported in the adjustments column on Schedule A.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type or authorization and date of authorization.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no projects with a negative ending balance.

- j. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2025.

Results: No exceptions were noted as a result of our procedures.
 - k. We confirmed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency has provided a footnote of the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
 - l. We obtained approval from SANDAG staff for reasons of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
 - m. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined that transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there was no transfer of funds between projects.
 - n. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as SANDAG had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
- a. We inspected Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We inspected the ending balances at June 30, 2024 and ensured the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no amounts reported in the adjustments column on Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: This procedure is not applicable as SANDAG does not track completed projects within Schedule A.

8. We inspected the ending project status per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. SANDAG is not a recipient of an annual apportionment.

9. If applicable (including SDCRTC), we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there is no long-term debt outstanding as of June 30, 2024.

10. For recipient SANDAG, acting as the SDCRTC, only, we obtained a schedule of bond financing costs related to highway and transit capital projects indicating beginning balance, additions and ending paid to date balance. We ensured the financing costs were properly supported and have not exceeded \$500,000,000 (2002 dollars). We agreed the current fiscal year financing costs to SANDAG records.

Results: The schedule of bond financing costs related to highway and transit capital projects is summarized below. The total cost of \$58,733,645 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, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2024</u>
Commercial Paper	\$6,062,762	\$380,111	\$ -	\$6,442,873
2008 Bonds	36,780,776	49,623	-	36,830,399
2010 Bonds	2,936,010	5,208	-	2,941,218
2012 Bonds	2,338,585	-	-	2,338,585
2014 Bonds	1,312,490	4,850	-	1,317,340
2016 Bonds	1,221,040	4,133	-	1,225,173
2017 TIFIA Loan	1,296,673	90	-	1,296,763

<u>Debt Issuance</u>	<u>Balance at July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2024</u>
2018 Short Term	1,568,812	-	-	1,568,812
2019 Bonds	1,444,642	1,548	-	1,446,190
2020 Bonds	423,402	2,973	-	426,375
2021 Bonds	1,341,099	3,920	-	1,345,019
2021 Note	966,605	-	-	966,605
2022 Note	384,366	198,861	-	583,227
2021 TIFIA Loan	2,500	2,533	-	5,033
2023 Bonds	-	33	-	33
Total	<u>\$58,079,762</u>	<u>\$653,883</u>	\$ =	<u>\$58,733,645</u>

11. We inspected to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance:

- a. We inspected and ensured that the total administrative expenditures did not exceed 2% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected the administrative expenditure project numbers and ensured only projects approved in the 2024 Budget were included in administrative expenditures.

Results: SANDAG recorded total administrative expenditures in the amount of \$8,685,284. We reviewed the detail of administrative expenditures and noted the following cost centers included within:

<u>Cost Center</u>	<u>Amount Expended</u>
Payroll Expenses	\$7,558,223
Operational Expenses	1,022,079
Board of Directors	98,034
Legal Fees	<u>6,948</u>
Total	<u>\$8,685,284</u>

- c. We selected at least 25% of the administrative expenditures and ensured they were expended by SANDAG for costs necessary to administer *TransNet*.

Results: SANDAG recorded total administrative expenditures in the amount of \$8,685,284. We selected \$2,284,229 (26.30%) for testing. No exceptions were noted as a result of our procedures.

- d. If unallowable expenditures were identified in step 11.c, we expanded the sample to include an additional 25% of administrative expenditures, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted ITOC Audit

Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures noted in step 11.c.

- e. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We documented whether the direct payroll charge appeared reasonable for the project.

Results: SANDAG recorded administrative payroll expenditures in the amount of \$7,558,223, or 87.02% of total administrative expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

- 12. For SANDAG, acting as the SDCRTC, only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.

Results: No exceptions were noted as a result of our procedures.

- b. We inspected the FY 2024 *TransNet* Local Street Improvements Allocation Schedule and determined that at least 70% of the revenues provided for Local Street Improvement purposes were used for congestion relief purposes and that no more than 30% for maintenance purposes.

Results: No exceptions were noted as a result of our procedures.

- 13. We documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 14. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2024.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on SANDAG's compliance with the

TransNet Ordinance and *TransNet* Extension Ordinance as of June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of SANDAG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
June 6, 2025

GLOSSARY OF TERMS

Definitions

“Current Fiscal Year” means the fiscal period of July 1, 2023 through June 30, 2024.

“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, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2024	Notes
TransNet Extension:								
Administration:								
		SANDAG 2% Administration	\$ 175,432	\$ 8,599,852	\$ (8,685,284)	\$ -	\$ 90,000	
		Total Administration	175,432	8,599,852	(8,685,284)	-	90,000	
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass Through:								
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	-	201,420	(201,420)	-	-	
		Total BPNS - Pass Through	-	201,420	(201,420)	-	-	
BPNS:								
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	87,307	(87,307)	-	-	
SAN153	1223023	Inland Rail Trail	-	47,806	(47,806)	-	-	
SAN153	1223094	Inland Rail Trail Ph 3	-	230,915	(230,915)	-	-	
SAN153	1223095	Inland Rail Trail Ph 4	-	3,091	(3,091)	-	-	
		Total SAN153	-	281,812	(281,812)	-	-	
SAN155	1223016	Coastal Rail Trail - Rose Creek	-	31,441	(31,441)	-	-	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	2,350	(2,350)	-	-	
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	-	(285,651)	285,651	-	-	(a)
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	-	189,685	(189,685)	-	-	
SAN195	1223055	Bayshore Bikeway - Barrio Logan	-	1,986,614	(1,986,614)	-	-	
SAN195	1223096	Bayshore Bikeway: Barrio Logan Phase 2	-	292,736	(292,736)	-	-	
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	-	5,677	(5,677)	-	-	
SAN203	1223056	San Ysidro to IB Parkway	-	226,057	(226,057)	-	-	
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	-	288,286	(288,286)	-	-	
		Subtotal BPNS	-	3,106,314	(3,106,314)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2024	Notes
		BPNS balance carried forward	\$ -	\$ 3,106,314	\$ (3,106,314)	\$ -	\$ -	
SAN205	1223057	NP to Downtown/Balboa Bikeway	-	5,356,552	(5,356,552)	-	-	
SAN206	1223058	Southeast to Downtown Bikeway	-	192,628	(192,628)	-	-	
SAN230	1223079	North Park/Mid-City Bikeways: Howard Bikeway	-	87,693	(87,693)	-	-	
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	-	624,608	(624,608)	-	-	
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	-	250,284	(250,284)	-	-	
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	-	(85,365)	85,365	-	-	(b)
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	-	1,131,767	(1,131,767)	-	-	
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	-	47,047	(47,047)	-	-	
SAN272	1223093	GObyBIKE San Diego: Construction Outreach Program	-	208,162	(208,162)	-	-	
SAN284	1223087	North Park/Mid-City Orange Bikeway	-	87,513	(87,513)	-	-	
SAN310	1223097	Bayshore to Imperial Bikeway	-	9,700	(9,700)	-	-	
		Total BPNS	-	11,016,903	(11,016,903)	-	-	
		Senior Services Pass Through:						
SAN70	1271000	Jewish Family Services - Rides and Smiles	-	53,481	(53,481)	-	-	
SAN70	1271800	On the Go (Eastern San Diego)	-	127,684	(127,684)	-	-	
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and	-	155,542	(155,542)	-	-	
SAN70	1272800	On the Go (SMG)	-	347,306	(347,306)	-	-	
		Total SAN70	-	684,013	(684,013)	-	-	
SAN87	1272700	Elderhelp - Volunteer Driver Program	-	137,758	(137,758)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	29,752	(29,752)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	258,788	(258,788)	-	-	
SAN168	1271900	FACT Mobility Management	-	333,288	(333,288)	-	-	
		Total Senior Services Pass Through	-	1,443,599	(1,443,599)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2024	Notes
Senior Services:								
SAN40	3320201	Specialized Transportation	\$ -	\$ 142,368	\$ (142,368)	\$ -	\$ -	
		Total Senior Services	-	142,368	(142,368)	-	-	
Smart Growth Pass Through:								
CNTY101	1224074	Community Based Transportation Program	-	101,426	(101,426)	-	-	
EL40	1224067	El Cajon Transit Center Community Connection Improvements	-	1,286,136	(1,286,136)	-	-	
EL41	1224068	Main Street - Green Street Gateway	-	1,524,996	(1,524,996)	-	-	
LG26	1224069	Connect Main Street, Ph 1&2	-	767,415	(767,415)	-	-	
NC37	1224062	Sweetwater Road Protected Bikeway	-	690,987	(690,987)	-	-	
NC43	1224071	Together We Plan National City	-	104,037	(104,037)	-	-	
SAN306	1224072	Mid-City Comm SG Study Areas	-	218,057	(218,057)	-	-	
SAN307	1224073	Santee Specific Plan	-	247,818	(247,818)	-	-	
SD261	1224064	Downtown San Diego Wayfinding Signage - Cycle Network	-	20,618	(20,618)	-	-	
SD262	1224065	East Village Green Park Phase I	-	96,766	(96,766)	-	-	
		Total Smart Growth Pass Through	-	5,058,256	(5,058,256)	-	-	
Smart Growth:								
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	87,307	(87,307)	-	-	
		Total Smart Growth	-	87,307	(87,307)	-	-	
Local Street Improvements:								
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	-	11,700	(11,700)	-	-	
CHV39	3311002	Traffic Signal System Optimization	-	15,500	(15,500)	-	-	
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	-	12,500	(12,500)	-	-	
EL06	3311002	Traffic Signals Project	-	9,700	(9,700)	-	-	
		Subtotal Local Street Improvements	-	49,400	(49,400)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2024	Notes
		Local Street Improvements balance carried forward	\$ -	\$ 49,400	\$ (49,400)	\$ -	\$ -	
ENC28	3311002	Traffic Signal Modifications	-	7,400	(7,400)	-	-	
LAM46	3311002	Regional Arterial Management System (RAMS) - (CR)	-	7,400	(7,400)	-	-	
NC04	3311002	Traffic Signal Install/Upgrade	-	8,000	(8,000)	-	-	
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	-	11,200	(11,200)	-	-	
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	-	7,300	(7,300)	-	-	
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	-	67,600	(67,600)	-	-	
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	-	10,800	(10,800)	-	-	
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	-	7,400	(7,400)	-	-	
VISTA56	3311002	Traffic Congestion Management Program - CIP 8294	-	8,800	(8,800)	-	-	
		Total Local Street Improvements	-	185,300	(185,300)	-	-	
		Regional Environmental Mitigation Program (EMP) - Pass-Through:						
V07	12002xx	Caltrans EMP	-	(2,009,908)	2,009,908	-	-	(c)
V08	1201334	Silverwood-Anstine	-	(17)	17	-	-	(d)
V08	1201337	San Pasqual Cactus Wren	-	39,781	(39,781)	-	-	
V08	1201338	Lower Otay Reservoir	-	22,583	(22,583)	-	-	
V08	1201341	Stinknet Removal	-	22,717	(22,717)	-	-	
V08	1201342	West Otay Mesa Stinknet Removal	-	62,883	(62,883)	-	-	
V08	1201343	Otay Mesa Vernal Pool Restoration	-	64,884	(64,884)	-	-	
V08	1201344	Otay Ranch Preserve Enhancement	-	71,514	(71,514)	-	-	
V08	1201345	El Monte Preserve Bat Hotel	-	77,306	(77,306)	-	-	
V08	1201346	Famosa Slough Stormwater Treatment	-	12,619	(12,619)	-	-	
V08	1201347	Annie's Canyon Trail (ACT)	-	71,584	(71,584)	-	-	
V08	1201348	San Miguel HMA Perimeter	-	43,691	(43,691)	-	-	
V08	1201349	Anstine-Audubon Nature Preserve	-	48,277	(48,277)	-	-	
V08	1201350	Quarry Creek Preserve Fencing	-	77,320	(77,320)	-	-	
V08	1201351	San Diego Thornmint Enhancement	-	49,705	(49,705)	-	-	
V08	1201352	Endangered Avian Nesting Site	-	19,962	(19,962)	-	-	
V08	1201353	Denner Canyon Restoration	-	56,623	(56,623)	-	-	
V08	1201356	Mission Trails Thornmint Restoration	-	36,332	(36,332)	-	-	
V08	1201357	Rare Dune Plant Restoration	-	39,103	(39,103)	-	-	
V08	1201358	SPBDR Stinknet Removal II	-	59,167	(59,167)	-	-	
V08	1201359	West Bernardo Mountain HMA	-	12,989	(12,989)	-	-	
V08	1201360	Ocean Beach Estuary Enhancement	-	60,230	(60,230)	-	-	
		Total V08	-	949,253	(949,253)	-	-	
		Total Regional EMP - Pass Through	-	(1,060,655)	1,060,655	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2024	Notes
Environmental Mitigation Program (EMP):								
V07	12002xx	Biological Mitigation	\$ -	\$ 4,331,893	\$ (4,331,893)	\$ -	\$ -	
V08	12003xx/12013xx	Regional Habitat Conservation Fund	-	4,694,645	(4,694,645)	-	-	
		Total EMP	-	9,026,538	(9,026,538)	-	-	
Bus Rapid Transit (BRT)/Rail Operations:								
SAN80	1130100	Financial ERP System	-	3,442,727	(3,442,727)	-	-	
SAN80	1147400	Content Management	-	3,333,142	(3,333,142)	-	-	
SAN80	3100400	Regional Plan Implementation	-	430,889	(430,889)	-	-	
SAN80	3103000	Regional Plan Dev (2025)	-	1,435,816	(1,435,816)	-	-	
SAN80	3310703	TDM - Program & Svs Delivery	-	5,400	(5,400)	-	-	
SAN80	3310714	Mobility & Innovations Program	-	624,990	(624,990)	-	-	
SAN80	3322600	Digital Equity Action Plan Implementation	-	79,771	(79,771)	-	-	
			-	11,344	(11,344)	-	-	
		Total BRT/Rail Operations	-	9,364,079	(9,364,079)	-	-	
Major Corridor - Pass-Through:								
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	1,200,000	(1,200,000)	-	-	
CAL09	1200509	I-5 San Elijo Bridge Replace	-	406,194	(406,194)	-	-	
CAL09	1200510	I-5 HOV Carlsbad	-	393,400	(393,400)	-	-	
		Total CAL09	-	1,999,594	(1,999,594)	-	-	
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	-	127,508	(127,508)	-	-	
CAL29	1207602	SR 76 Middle	-	(1,051,125)	1,051,125	-	-	(d)
CAL29B	1207606	SR 76 East	-	(2,802,000)	2,802,000	-	-	(e)
CAL67	1280518	SR94 TP Lanes I-805 to I-5	-	61,257	(61,257)	-	-	
CAL68	1212501	SR94/SR125 S to E Connector	-	2,000	(2,000)	-	-	
		Subtotal Major Corridor - Pass-Through	-	(1,662,766)	1,662,766	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2024	Notes
		Local Street Improvements balance carried forward	\$ -	\$ (1,662,766)	\$ 1,662,766	\$ -	\$ -	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	1,266,239	(1,266,239)	-	-	
CAL78C	1280510	I-805 South: 2 HOV and DAR	-	5,034	(5,034)	-	-	
CAL78D	1280515	I-805 South Soundwalls - Unit 1	-	1,520,625	(1,520,625)	-	-	
CAL114	1200513	SR56 Auxiliary Lane	-	34,403	(34,403)	-	-	
CAL277A	1207803	SR78/I-5 HOV Connector	-	1,247,000	(1,247,000)	-	-	
CAL538	1206701	SR67 Improvements	-	12,000	(12,000)	-	-	
CAL550	1605201	CMCP-Coast Canyon Trails SR52	-	747	(747)	-	-	
CAL571	1280519	I-805 Transit Priority Lanes (SR94 to SR52)	-	500,000	(500,000)	-	-	
SAN183	1239816	Batiquitos Lagoon Double Track	-	49,635	(49,635)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	(942)	942	-	-	(f)
SAN260	1239820	COASTER Train Sets	-	10,791,391	(10,791,391)	-	-	
V11	1201101	State Route 11	-	(315)	315	-	-	(f)
		Total Major Corridor - Pass-Through	-	13,763,051	(13,763,051)	-	-	
		Major Corridor:						
CAL09	1200501	I-5 North Coast	-	4	(4)	-	-	
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	559,930	(559,930)	-	-	
CAL09	1200509	I-5 San Elijo Bridge Replace	-	185,976	(185,976)	-	-	
CAL09	1200510	I-5 HOV Carlsbad	-	1,057,142	(1,057,142)	-	-	
		Total CAL09	-	1,803,052	(1,803,052)	-	-	
CAL18B	1201520	I-15 Exp Lanes Forester Creek	-	226	(226)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	1,373	(1,373)	-	-	
CAL29B	1207606	SR 76 East	(444,870)	4,332,338	(3,887,468)	-	-	(e)
CAL67	1280518	SR94 TP Lanes I-805 to I-5	-	585,975	(585,975)	-	-	
CAL68	1212501	SR94/SR125 S to E Connector	-	84,331	(84,331)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	30,266	(30,266)	-	-	
		Subtotal Major Corridor	(444,870)	6,837,561	(6,392,691)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2024	Notes
		Major Corridor balance carried forward	\$ (444,870)	\$ 6,837,561	\$ (6,392,691)	\$ -	\$ -	
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	2,654	(2,654)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	3,198	(3,198)	-	-	
CAL78D	1280515	I-805 S Soundwalls	-	21,441	(21,441)	-	-	
CAL114	1200513	SR56 Auxiliary Lane	-	2,476	(2,476)	-	-	
CAL277	1207802	I-15/SR78 HOV Connectors	-	66,456	(66,456)	-	-	
CAL277A	1207803	SR78/I-5 HOV Connector	-	20,372	(20,372)	-	-	
CA278	1207804	SR78 HOV Lanes: I-5 to I-15	-	6,382	(6,382)	-	-	
CAL536	1205204	SR-52 Operational Improvements	-	74,211	(74,211)	-	-	
CAL538	1206701	SR67 Improvements	-	94,980	(94,980)	-	-	
CAL550	1605201	CMCP-Coast Canyon Trails SR52	-	5,332	(5,332)	-	-	
CAL551	1609401	CMCP-High Speed Transit/SR-94	-	2,639	(2,639)	-	-	
CAL553	1607801	CMCP - SPRINTER/Palomar Airport Rd/SR78/SR76	-	216	(216)	-	-	
CAL571	1280519	I-805 Transit Priority Lanes (SR94-SR52)	-	23,144	(23,144)	-	-	
CAL614	1280516	I-805 North Construct Operational Improvements	-	82,412	(82,412)	-	-	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	9,814,350	(9,814,350)	-	-	
SAN26B	1201509	Downtown BRT Stations	-	13,185	(13,185)	-	-	
SAN29	1239812	Sorrento to Miramar Phase 2	-	473,511	(473,511)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	-	617,149	(617,149)	-	-	
SAN36	1129200	OCS Insulator/Catch Cable Replacement	-	34,061	(34,061)	-	-	
SAN46	1041502	Super Loop	-	2,751	(2,751)	-	-	
SAN47	1280504	South Bay BRT	-	860,668	(860,668)	-	-	
SAN54	1147700	Next Operating System (Next OS)	-	59,995	(59,995)	-	-	
SAN54	3310500	511 ATIS	-	109,343	(109,343)	-	-	
SAN54	3311000	ITS Operations	-	1,190,149	(1,190,149)	-	-	
SAN54	3330700	TSM-Integrated Corridor Management Program	-	597,833	(597,833)	-	-	
		Total SAN54	-	1,957,320	(1,957,320)	-	-	
		Subtotal Major Corridor	(444,870)	21,016,469	(20,571,599)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2024	Notes
		Major Corridor balance carried forward	\$ (444,870)	\$ 21,016,469	\$ (20,571,599)	\$ -	\$ -	
SAN64	1239809	Eastbrook to Shell Double Track	-	119,808	(119,808)	-	-	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	162,000	(162,000)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	26,618	(26,618)	-	-	
SAN117	1239805	Poinsettia Station Improvements	-	200,980	(200,980)	-	-	
SAN119	1239807	Sorrento Valley Double Track	-	10,089	(10,089)	-	-	
SAN129	1201514	Downtown Multiuse and Bus Stopover Facility	-	188,356	(188,356)	-	-	
SAN130	1239810	Carlsbad Village Double Track	-	126	(126)	-	-	
SAN132	1239811	Elvira to Morena Double Track	-	217,158	(217,158)	-	-	
SAN149	1239814	Coaster PE	-	97,287	(97,287)	-	-	
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	-	(611,571)	611,571	-	-	(a)
SAN182	1239815	San Diego River Bridge	-	114,497	(114,497)	-	-	
SAN183	1239816	Batiquitos Lagoon Double Track	-	866,459	(866,459)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	944,764	(944,764)	-	-	
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	-	784,184	(784,184)	-	-	
SAN253	1600501	CMCP - Central Mobility Hub	-	180	(180)	-	-	
SAN253	1600504	CMCP-CMH & Connections	-	177,594	(177,594)	-	-	
		Total SAN253	-	177,774	(177,774)	-	-	
SAN254	1600801	CMCP-High Speed Transit/I-8	-	42,089	(42,089)	-	-	
SAN256	1612501	CMCP-High Speed Transit/SR125	-	30,334	(30,334)	-	-	
SAN259	1239821	LOSSAN Corridor Improvements	-	519,531	(519,531)	-	-	
SAN260	1239820	COASTER Train Sets	-	745,681	(745,681)	-	-	
SAN261	1210091	Palomar Street Rail Grade Separation	-	1,661	(1,661)	-	-	
SAN262	1210090	Low-Floor Light Rail Transit Vehicles	-	935	(935)	-	-	
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	-	165,464	(165,464)	-	-	
SAN269	1600101	CMCP - Region Wide Plan	-	41,452	(41,452)	-	-	
SAN281	1210021	Blue Line Railway Signal Improvements	-	115,248	(115,248)	-	-	
		Subtotal Major Corridor	(444,870)	25,977,393	(25,532,523)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Project Status July 1, 2023	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2024	Notes
		Major Corridor balance carried forward	\$ (444,870)	\$ 25,977,393	\$ (25,532,523)	\$ -	\$ -	
SAN289	1239823	San Dieguito to Sorrento Valley Double-Track	-	330,319	(330,319)	-	-	
V11	1201101	State Route 11	-	907,245	(907,245)	-	-	
V11	1201105	SR11/OME POE Traffic Rev Study	-	30,250	(30,250)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	8,156	(8,156)	-	-	
V18	1200507	I-5/Voigt Drive Improvements	-	629,187	(629,187)	-	-	
		Total Major Corridor	(444,870)	27,882,550	(27,437,680)	-	-	
		Total <i>TransNet</i> Extension	<u>\$ (269,438)</u>	<u>\$ 85,710,568</u>	<u>\$ (85,351,130)</u>	<u>\$ -</u>	<u>\$ 90,000</u>	

Notes:

- (a) *TransNet* funds were returned in FY24 due to other funding received for prior year expenditures.
- (b) *TransNet* BPNS funds were swapped with TransNet MC funds
- (c) *TransNet* funds were returned in FY24 due to Caltrans EMP swap for CMAQ. See Caltrans report for more detail.
- (d) Negative expenditures in FY24 due to prior year corrections.
- (e) Caltrans PIO processed to swap *TransNet* funds with other project funding. SANDAG received more *TransNet* funds than the expenditures due to the swap of current *TransNet* for PY expenditures funded with Private Developer funds.
- (f) *TransNet* funds were returned in FY24 due to Caltrans EAP refund of excess deposit on hand. See Caltrans report for more detail.

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2024
TransNet Extension:					
Administration:					
		SANDAG 2% Administration	\$ 59,713,001	\$ (59,623,001)	\$ 90,000
		Total Administration	59,713,001	(59,623,001)	90,000
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through:					
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	589,359	(589,359)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	4,786,000	(4,786,000)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	28,937	(28,937)	-
		Total BPNS - Pass Through	5,404,296	(5,404,296)	-
BPNS:					
SAN40	3300100/ 3300200/ 3300300	Metropolitan Planning	971,836	(971,836)	-
SAN153	1223023	The Inland Rail Trail	20,802,443	(20,802,443)	-
SAN153	1223094	Inland Rail Trail Ph 3	1,807,715	(1,807,715)	-
SAN153	1223095	Inland Rail Trail Ph 4	42,731	(42,731)	-
		Total SAN153	22,652,889	(22,652,889)	-
SAN154	1129900	Bayshore Bikeway Segment 8B	779,915	(779,915)	-
SAN155	1223016	Coastal Rail Trail - Rose Creek	23,020,501	(23,020,501)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	3,205,448	(3,205,448)	-
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	1,152,981	(1,152,981)	-
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	21,453,704	(21,453,704)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	10,554,314	(10,554,314)	-
SAN195	1223096	Bayshore Bikeway: Barrio Logan Phase 2	292,736	(292,736)	-
		Total SAN195	10,847,050	(10,847,050)	-
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	920,311	(920,311)	-
		Subtotal BPNS	85,004,635	(85,004,635)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2024
		Balance carried forward - BPNS	\$ 85,004,635	\$ (85,004,635)	\$ -
SAN203	1223056	San Ysidro to IB Parkway	3,690,228	(3,690,228)	-
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	1,617,094	(1,617,094)	-
SAN205	1223057	NP to Downtown/Balboa Bikeway	18,130,968	(18,130,968)	-
SAN206	1223058	Southeast to Downtown Bikeway	3,979,518	(3,979,518)	-
SAN230	1223079	North Park/Mid-City Bikeways: Howard Bikeway	1,474,493	(1,474,493)	-
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	3,815,047	(3,815,047)	-
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	26,321,094	(26,321,094)	-
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	3,149,010	(3,149,010)	-
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	3,849,055	(3,849,055)	-
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	210,894	(210,894)	-
SAN272	1223093	GObyBIKE San Diego: Construction Outreach Program	574,407	(574,407)	-
SAN284	1223087	North Park/Mid-City Orange Bikeway	1,336,170	(1,336,170)	-
SAN310	1223097	Bayshore to Imperial Bikeway	9,700	(9,700)	-
		Total BPNS	153,162,313	(153,162,313)	-
		Senior Services - Pass-Through:			
SAN70	1271000	Jewish Family Services - Rides and Smiles	1,384,780	(1,384,780)	-
SAN70	1271800	On the Go (Eastern San Diego)	1,314,010	(1,314,010)	-
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and Smiles	1,639,789	(1,639,789)	-
SAN70	1272800	On the Go (SMG)	347,306	(347,306)	-
		Total SAN70	4,685,885	(4,685,885)	-
SAN87	1272700	Elderhelp - Volunteer Driver Program	387,315	(387,315)	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	639,532	(639,532)	-
		Subtotal Senior Services - Pass-Through	5,712,732	(5,712,732)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS TransNet Extension Activities Cumulative Schedule of Status of Funds by Project (Continued) Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2024
		Balance carried forward - Senior Services - Pass-Through	\$ 5,712,732	\$ (5,712,732)	\$ -
SAN92	1271300	Travelers Aid Society - SeniorRide	2,417,874	(2,417,874)	-
SAN141	1271000	Jewish Family Services	928,710	(928,710)	-
SAN168	1271900	FACT Mobility Management	2,412,680	(2,412,680)	-
SAN243	1272600	FACT - RIDEFinder	98,701	(98,701)	-
SAN279	1272600	FACT - RIDEFinder	86,775	(86,775)	-
		Total Senior Services - Pass-Through	11,657,472	(11,657,472)	-
		Senior Services:			
SAN40	3320100/3 320201	Short Range Transit Svc Activities/Specialized Transportation	1,031,408	(1,031,408)	-
		Total Senior Services	1,031,408	(1,031,408)	-
		Smart Growth - Pass-Through:			
CNTY101	1224074	Community Based Transportation Program	101,426	(101,426)	-
EL40	1224067	El Cajon Transit Center Community Connection Improvements	2,499,681	(2,499,681)	-
EL41	1224068	Main Street - Green Street Gateway	1,922,350	(1,922,350)	-
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Congestion Relief)	1,287,222	(1,287,222)	-
LG26	1224069	Connect Main Street, Ph 1&2	1,128,742	(1,128,742)	-
NC37	1224062	Sweetwater Road Protected Bikeway	2,499,998	(2,499,998)	-
NC43	1224071	Together We Plan National City	294,476	(294,476)	-
SAN306	1224072	Mid-City Comm SG Study Areas	248,033	(248,033)	-
SAN307	1224073	Santee Specific Plan	269,425	(269,425)	-
SD261	1224064	Downtown San Diego Wayfinding Signage - Cycle Network	219,997	(219,997)	-
SD262	1224065	East Village Green Park Phase I	264,975	(264,975)	-
		Total Smart Growth - Pass-Through	10,736,325	(10,736,325)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2024
Smart Growth:					
SAN40	3300100	TransNet Smart Growth Incentive Program	\$ 1,004,835	\$ (1,004,835)	\$ -
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	648,000	(648,000)	-
		Total Smart Growth	1,652,835	(1,652,835)	-
Local Street Improvements:					
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	128,700	(128,700)	-
CHV39	3311002	Traffic Signal System Optimization	186,000	(186,000)	-
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	137,500	(137,500)	-
EL06	3311002	Traffic Signals Project	116,400	(116,400)	-
ENC28	3311002	Traffic Signal Modifications	88,800	(88,800)	-
LAM46	3311002	Regional Arterial Management System (RAMS) - (CR)	74,000	(74,000)	-
NC04	3311002	Traffic Signal Install/Upgrade	96,000	(96,000)	-
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	123,200	(123,200)	-
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	80,300	(80,300)	-
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	743,600	(743,600)	-
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	118,800	(118,800)	-
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	81,400	(81,400)	-
VISTA56	3311002	Traffic Congestion Management Program - CIP 8294	61,600	(61,600)	-
		Total Local Street Improvements	2,036,300	(2,036,300)	-
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	189,897,406	(189,897,406)	-
		Subtotal Regional EMP - Pass-Through	204,176,406	(204,176,406)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2023

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2024
		Balance carried forward - Subtotal Regional EMP - Pass-Through	\$ 204,176,406	\$ (204,176,406)	\$ -
V08	1200300	Regional Habitat Conservation Fund	49,142	(49,142)	-
V08	1200312	Program Developer/Administrator	154,088	(154,088)	-
V08	1200313	Invasive Plant Species Management	189,093	(189,093)	-
V08	1200316	Management Coordinator	77,993	(77,993)	-
V08	1200329	GIS Support	131,322	(131,322)	-
V08	1200331	Wildlife Corridor and Linkages Monitoring	522,097	(522,097)	-
V08	1200332	Rare and Endemic Plant Monitoring and Recovery	231,524	(231,524)	-
V08	1200350	Administrative and Science Support	200,275	(200,275)	-
V08	1200355	Invasive Animal Species Management	571,024	(571,024)	-
V08	1200357	Database Support	105,771	(105,771)	-
V08	1200374	Biologist	154,106	(154,106)	-
V08	1200376	Vertebrate Monitoring	1,149,304	(1,149,304)	-
V08	1200377	Invertebrate Monitoring	24,392	(24,392)	-
V08	1201334	Silverwood-Anstine	34,292	(34,292)	-
V08	1201337	San Pasqual Cactus Wren	181,114	(181,114)	-
V08	1201338	Lower Otay Reservoir	117,093	(117,093)	-
V08	1201341	Stinknet Removal	132,024	(132,024)	-
V08	1201342	West Otay Mesa Stinknet Removal	62,883	(62,883)	-
V08	1201343	Otay Mesa Vernal Pool Restoration	64,884	(64,884)	-
V08	1201344	Otay Ranch Preserve Enhancement	71,514	(71,514)	-
V08	1201345	El Monte Preserve Bat Hotel	77,839	(77,839)	-
V08	1201346	Famosa Slough Stormwater Treatment	12,619	(12,619)	-
V08	1201347	Annie's Canyon Trail (ACT)	80,000	(80,000)	-
V08	1201348	San Miguel HMA Perimeter	48,837	(48,837)	-
V08	1201349	Anstine-Audubon Nature Preserve	48,277	(48,277)	-
V08	1201350	Quarry Creek Preserve Fencing	77,923	(77,923)	-
V08	1201351	San Diego Thornmint Enhancement	54,698	(54,698)	-
V08	1201352	Endangered Avian Nesting Site	80,000	(80,000)	-
V08	1201353	Dennery Canyon Restoration	56,623	(56,623)	-
V08	1201356	Mission Trails Thornmint Restoration	36,332	(36,332)	-
V08	1201357	Rare Dune Plant Restoration	54,613	(54,613)	-
V08	1201358	SPBDR Stinknet Removal II	59,167	(59,167)	-
V08	1201359	West Bernardo Mountain HMA	12,989	(12,989)	-
V08	1201360	Ocean Beach Estuary Enhancement	63,388	(63,388)	-
		Total V08	4,987,241	(4,987,241)	-
		Total Regional EMP - Pass-Through	209,163,648	(209,163,648)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2024
Environmental Mitigation Program (EMP):					
V07	12002xx	Biological Mitigation	\$ 187,700,297	\$ (187,700,297)	\$ -
V08	12003xx/12001xx	Regional Habitat Conservation Fund	44,105,747	(44,105,747)	-
		Total EMP	231,806,044	(231,806,044)	-
BRT/Rail Operations					
SAN80	1130100	Financial ERP System	5,802,871	(5,802,871)	-
SAN80	2300000	Transportation Analysis Model	4,923,204	(4,923,204)	-
SAN80	3100400	Regional Plan Implementation	465,138	(465,138)	-
SAN80	3103000	Regional Plan Dev (2025)	1,515,425	(1,515,425)	-
SAN80	3310703	TDM - Program & Svs Delivery	63,954	(63,954)	-
SAN80	3310714	Mobility & Innovations Program	2,041,652	(2,041,652)	-
SAN80	3322600	Digital Equity Action Plan Implementation	323,305	(323,305)	-
SAN80	3322901	Central Mobility H&C	11,344	(11,344)	-
SAN80	8000103	Office of the Independent Performance Auditor	807,101	(807,101)	-
SAN80	8000180	Information Services	715,841	(715,841)	-
		Total BRT/Rail Operations	16,669,835	(16,669,835)	-
Major Corridor - Pass-Through:					
CAL09	1200501	I-5 North Coast	14,807,503	(14,807,503)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	46,819,408	(46,819,408)	-
CAL09	1200509	I-5 San Elijo Bridge Replace	42,336,722	(42,336,722)	-
CAL09	1200510	I-5 HOV Carlsbad	2,742,000	(2,742,000)	-
		Total CAL09	106,705,633	(106,705,633)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	27,347,389	(27,347,389)	-
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	278,508	(278,508)	-
CAL26	1205203	State Route 52 Freeway (E&F)	58,950,735	(58,950,735)	-
CAL29	1207602	SR 76 Middle	39,939,976	(39,939,976)	-
		Subtotal Major Corridor - Pass-Through	233,222,241	(233,222,241)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2024
		Balance carried forward - Major Corridor - Pass-Through	\$ 233,222,241	\$ (233,222,241)	\$ -
CAL29B	1207606	SR 76 East	47,866,619	(47,866,619)	-
CAL38	1390501	SR-905 New Freeway	612,440	(612,440)	-
CAL67	1280518	SR94 TP Lanes I-805 to I-5	62,257	(62,257)	-
CAL68	1212501	SR 94/125 Southbound to Eastbound Connector	425,078	(425,078)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	14,433,557	(14,433,557)	-
CAL78B	1280511	I-805 North: 2HOV	4,432,913	(4,432,913)	-
CAL78C	1280510	I-805 South: 2 HOV and DAR	104,000,065	(104,000,065)	-
CAL78D	1280515	I-805 South Soundwalls - Unit 1	7,979,999	(7,979,999)	-
CAL114	1200513	SR56 Auxiliary Lane	1,316,999	(1,316,999)	-
CAL277A	1207803	SR78/I-5 HOV Connector	3,875,524	(3,875,524)	-
CAL538	1206701	SR67 Improvements	12,000	(12,000)	-
CAL550	1605201	CMCP-Coast Canyon Trails SR52	231,374	(231,374)	-
CAL553	1607801	CMCP-SPRINTER/Palomar Airport Rd/S	301,846	(301,846)	-
CAL571	1280519	I-805 Transit Priority Lanes (SR94 to SR52)	500,000	(500,000)	-
SAN23	1257001	Mid-Coast LRT Corridor Project	469,000	(469,000)	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	11,674,073	(11,674,073)	-
SAN47	1280504	South Bay BRT	2,929,727	(2,929,727)	-
SAN73	1239806	San Elijo Lagoon Double Track	7,786,582	(7,786,582)	-
SAN183	1239816	Batiquitos Lagoon Double Track	705,000	(705,000)	-
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	128,058	(128,058)	-
SAN253	1600504	CMH Military Inst. Resilience	38,099	(38,099)	-
SAN260	1239820	COASTER Train Sets	23,711,390	(23,711,390)	-
V11	1201101	State Route 11	1,931,235	(1,931,235)	-
V15	1200508	I-5 Gilman Drive Bridge	130,921	(130,921)	-
V18/CAL369	1200507	I-5/Voigt Drive Direct Access Ramp	686,952	(686,952)	-
	1200100	TransNet Project Office	364,156	(364,156)	-
		Total Major Corridor - Pass-Through	469,828,105	(469,828,105)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2024
Major Corridor:					
CAL09	1200501	I-5 North Coast	\$ 15,069,887	\$ (15,069,887)	\$ -
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	19,843,745	(19,843,745)	-
CAL09	1200509	I-5 San Elijo Bridge Replace	14,124,556	(14,124,556)	-
CAL09	1200510	I-5 HOV Carlsbad	1,975,229	(1,975,229)	-
		I-5 Genesee Interchange and Widening	51,013,417	(51,013,417)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	4,915,666	(4,915,666)	-
CAL09D	1200515	I-5/I-805 HOV Conv. To Express	616,308	(616,308)	-
CAL18B	1201520	I-15 Exp Lanes Forester Creek	401	(401)	-
CAL26	1205203	State Route 52 Freeway (E&F)	16,929,898	(16,929,898)	-
CAL29	1207602	SR 76 Middle	7,000,739	(7,000,739)	-
CAL29B	1207606	SR 76 East	3,697,288	(3,697,288)	-
CAL38	1390501	SR-905 New Freeway	725,883	(725,883)	-
CAL67	1280518	SR94 TP Lanes I-805 to I-5	585,993	(585,993)	-
CAL68	1212501	SR-94-125 Widening	1,726,401	(1,726,401)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	5,569,729	(5,569,729)	-
CAL78B	1280511	I-805 North: 2 HOV	2,608,774	(2,608,774)	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	9,150,407	(9,150,407)	-
CAL78D	1280515	I-805 S Soundwalls	903,888	(903,888)	-
CAL114	1200513	SR56 Auxiliary Lane	48,852	(48,852)	-
CAL277	1207802	I-15/SR78 HOV Connectors	311,670	(311,670)	-
CAL277A	1207803	SR78/I-5 HOV Connector	20,797	(20,797)	-
CAL278	1207804	SR78 HOV Lanes: I-5 to I-15	12,773	(12,773)	-
CAL398A	1200512	I-5/Genessee Auxiliary Lane	103,000	(103,000)	-
CAL369/V18	1200507	I-5/Voigt Drive Direct Access Ramp	4,531,346	(4,531,346)	-
CAL399	1200508	I-5/Gilman Drive Bridge	155,804	(155,804)	-
CAL536	1205204	SR-52 Operational Improvements	74,211	(74,211)	-
CAL538	1206701	SR67 Improvements	150,833	(150,833)	-
		Subtotal Major Corridor	110,854,078	(110,854,078)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

<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, 2024</u>
		Balance carried forward - Major Corridor	\$ 110,854,078	\$ (110,854,078)	\$ -
CAL550	1605201	CMCP - Sea to Santee (SR52)	101,822	(101,822)	-
CAL551	1609401	CMCP-High Speed Transit/SR-94	2,639	(2,639)	-
CAL553	1607801	CMCP - SPRINTER/Palomar Airport Rd/SR78/SR76	88,828	(88,828)	-
CAL571	1280519	I-805 Transit Priority Lanes (SR94-SR52)	23,144	(23,144)	-
CAL614	1280516	I-805 North Construct Operational Improvement	115,164	(115,164)	-
SAN23	1257001	Mid-Coast Corridor Transit Project	914,123,898	(914,123,898)	-
SAN26B	1201509	Downtown BRT Stations	20,751,602	(20,751,602)	-
SAN26C	1201507	I-15 BRT Transit Stations - South	26,466,130	(26,466,130)	-
SAN29	1239812	Sorrento to Miramar Phase 2	8,116,751	(8,116,751)	-
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	8,127,485	(8,127,485)	-
SAN36	1129200	OCS Insulator/Catch Cable Replacement	584,094	(584,094)	-
SAN46	1041502	SuperLoop	33,108,903	(33,108,903)	-
SAN47	1280504	Otay BRT	101,690,096	(101,690,096)	-
SAN54	1144800	Regional Arterial Detection P1	198,096	(198,096)	-
SAN54	1147700	Next Operating System (Next OS)	167,907	(167,907)	-
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	1,516,495	(1,516,495)	-
SAN54	3311000	ITS Operations	15,171,193	(15,171,193)	-
SAN54	3330700	TSM-Integrated Corridor Management Program	2,194,401	(2,194,401)	-
		Total SAN54	19,248,092	(19,248,092)	-
SAN64	1239809	Eastbrook to Shell Double Track	4,479,990	(4,479,990)	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	15,565,257	(15,565,257)	-
SAN78	1240001	Mid-City Rapid Bus	21,328,660	(21,328,660)	-
SAN117	1239805	Poinsettia Run Through Track	17,125,353	(17,125,353)	-
SAN119	1239807	Sorrento Valley Double Track	3,664,559	(3,664,559)	-
SAN129	1201514	Downtown Layover Facility	21,680,156	(21,680,156)	-
		Subtotal Major Corridor	1,327,246,701	(1,327,246,701)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
Cumulative Schedule of Status of Funds by Project (Continued)
Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2024
		Balance carried forward - Major Corridor	\$ 1,327,246,701	\$ (1,327,246,701)	\$ -
SAN130	1239810	Carlsbad Village Double Track	126	(126)	-
SAN132	1239811	Elvira to Morena Double Track	37,825,521	(37,825,521)	-
SAN149	1239814	Coaster PE	1,691,422	(1,691,422)	-
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	4,754,779	(4,754,779)	-
SAN182	1239815	San Diego River Bridge	12,643,003	(12,643,003)	-
SAN183	1239816	Batiquitos Lagoon Double Track	6,322,703	(6,322,703)	-
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	1,655,107	(1,655,107)	-
SAN224	1280513	I-805/SR 94 Bus on Shoulder Demonstration Project	14,651,886	(14,651,886)	-
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	784,184	(784,184)	-
SAN253	1600501	CMCP - Central Mobility Hub	492,228	(492,228)	-
SAN253	1600504	CMCP - CMH & Connections	668,048	(668,048)	-
		Total SAN253	1,160,276	(1,160,276)	-
SAN254	1600801	CMCP-High Speed Transit/I-8	186,429	(186,429)	-
SAN256	1612501	CMCP-High Speed Transit/SR125	32,514	(32,514)	-
SAN258	1149000	Central Mobility Station	10,034,845	(10,034,845)	-
SAN259	1239821	LOSSAN Corridor Improvements	955,348	(955,348)	-
SAN260	1239820	COASTER Train Sets	767,363	(767,363)	-
SAN261	1210091	Palomar Street Rail Grade Separation	70,000	(70,000)	-
SAN262	1210090	Low-Floor Light Rail Transit Vehicles	2,592	(2,592)	-
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	4,641,237	(4,641,237)	-
SAN269	1600101	CMCP - Region Wide Plan	811,411	(811,411)	-
SAN281	1210021	Blue Line Railway Signal Improvements	282,091	(282,091)	-
SAN289	1239823	San Dieguito to Sorrento Valley Double-Track	330,319	(330,319)	-
V11	1201101	State Route 11	9,684,073	(9,684,073)	-
V11	1201105	SR11/OME POE Traffic Rev Study	105,759	(105,759)	-
V15	1200508	I-5/Gilman Drive Bridge	14,623,273	(14,623,273)	-
V18	1200507	I-5/Voigt Drive Improvements	17,586,966	(17,586,966)	-
		Total Major Corridor	1,468,849,928	(1,468,849,928)	-
		Subtotal Cumulative <i>TransNet</i> Extension	2,641,711,509	(2,641,621,509)	90,000

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2024

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2024
		Balance Carried Forward - Subtotal <i>TransNet</i> Extension	\$ 2,641,711,509	\$ (2,641,621,509)	\$ 90,000
		Completed Projects			
		Bike, Pedestrians & Neighborhood Safety (BPNS):	30,143,292	(30,143,292)	-
		Senior Services	10,161,375	(10,161,375)	-
		Smart Growth	42,772,102	(42,772,102)	-
		Transit Systems Improvement	11,000,000	(11,000,000)	-
		Local Street Improvements	3,271,619	(3,271,619)	-
		Regional Environmental Mitigation Program	15,256,335	(15,256,335)	-
		BRT/Rail Operations	14,044,651	(14,044,651)	-
		Major Corridor	<u>722,413,890</u>	<u>(722,413,890)</u>	<u>-</u>
		Total Completed Projects	<u>849,063,264</u>	<u>(849,063,264)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 3,490,774,773</u>	<u>\$ (3,490,684,773)</u>	<u>\$ 90,000</u>